

1954

IN THE COURT OF THE TRANSPORT TRIBUNAL

TRANSPORT ACT, 1947, AS AMENDED BY TRANSPORT ACT, 1953

IN THE MATTER OF THE APPLICATION OF THE
BRITISH TRANSPORT COMMISSION (1954 No. 3)

TO CONFIRM THE BRITISH TRANSPORT COMMISSION (PASSENGER) CHARGES SCHEME, 1954

FRIDAY, 28TH MAY, 1954

FIFTH DAY

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PROCEEDINGS OF THE TRANSPORT TRIBUNAL

FRIDAY, 28th MAY, 1954

PRESENT:

HUBERT HULL, Esq., C.B.E. (*President*)

A. E. SEWELL, Esq.

J. C. POOLE, Esq., C.B.E., M.C.

Mr. HAROLD I. WILLIS, Q.C., Mr. E. S. FAY and Mr. KENNETH POTTER (instructed by Mr. M. H. B. Gilmour, Chief Legal Adviser to the British Transport Commission) appeared on behalf of the British Transport Commission.

Mr. GEOFFREY LAWRENCE, Q.C., Mr. LEON MACLAREN and Mr. GEORGE MERCER (instructed by Mr. J. G. Barr) appeared on behalf of the London County Council.

Mr. DUDLEY COLLARD and Mr. MICHAEL HALLETT (instructed by Mr. E. R. Farr, Town Clerk) appeared on behalf of Barking Borough Council.

Mr. DUDLEY COLLARD and Mr. MICHAEL HALLETT (instructed by Mr. Keith Lauder, Town Clerk) appeared on behalf of Dagenham Borough Council.

Mr. DUDLEY COLLARD and Mr. MICHAEL HALLETT (instructed by Mr. J. Twinn, Town Clerk) appeared on behalf of Romford Borough Council.

Mr. DUDLEY COLLARD and Mr. MICHAEL HALLETT (instructed by Mr. A. E. Poole, Clerk of the Council) appeared on behalf of Thurrock Urban District Council.

Mr. DUDLEY COLLARD and Mr. MICHAEL HALLETT (instructed by Mr. E. R. Farr) appeared on behalf of the South Essex Traffic Advisory Committee.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. G. A. Blakeley, Town Clerk) appeared on behalf of Walthamstow Borough Council.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. R. H. Buckley, Town Clerk) appeared on behalf of the County Borough of East Ham.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. K. F. B. Nicholls, Town Clerk) appeared on behalf of Ilford Borough Council.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. G. E. Smith, Town Clerk) appeared on behalf of the County Borough of West Ham.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. D. J. Osborne, Town Clerk) appeared on behalf of Leyton Borough Council.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. A. McCarlie Findlay, Town Clerk) appeared on behalf of Wanstead and Woodford Borough Council.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. J. W. Faulkner, Clerk to the Council) appeared on behalf of the Chigwell Urban District Council.

Mr. ARCHIBALD GLEN appeared on behalf of The Mayor, Aldermen and Burgesses of the County Borough of Southend-on-Sea.

Mr. F. A. RULER (*President*) represented the Federation of Residents' Associations in the County of Kent.

Mr. J. REID (*District Secretary*) represented the London (North) District Committee of the Amalgamated Engineering Union.

(*Mr. Geoffrey Lawrence*): At the close of your sitting yesterday afternoon, Sir, I think I had indicated that I had finished my cross-examination of Mr. James, but I was very kindly reminded by my learned friend Mr. Harold Willis, after the rising of the Tribunal, that there

was one topic on which Mr. James had promised some information about which I had omitted to ask him. May I therefore have your leave, Sir, to continue for a few more minutes my cross-examination of Mr. James?

(*President*): Certainly.

Mr. PHILIP GAVED JAMES, recalled.

Cross-examination by Mr. GEOFFREY LAWRENCE, continued.

1481. First of all I understand that you are in a position to give us some information for which we have recently asked with regard to the costs per mile of operating London Transport Road Services; is that right?—Yes.

1482. Can you tell me the cost per mile of operating those services, splitting it, if you can, into the various categories of vehicles?—By "various categories of vehicles" I take it you mean buses, coaches and trolleybuses?

1483. Yes.—I can give you those figures for "Z" year: Buses and coaches, 28·47d. per car mile, and trolleybuses 30·11d. per car mile.

1484. Buses and coaches are the same figure, are they?—That is a composite figure for bus and coach services.

1485. You have not split them up, have you?—That involves certain statistical apportionments, but I can give you the figure on that basis. The figure for central buses is 29·70d.; country buses 25·88d. and coaches 19·75d.

1486. I am told—and I want to put this to you because I shall call evidence about it later—that in large provincial company undertakings to begin with (not Municipal), the average costs per mile on road services would come out at something like 19d. to 21d., which is substantially lower than the figures which you have given for your undertaking, is it not?—Those figures are substantially lower.

1487. (*President*): You mean that 19·21d. is a lesser figure than anything greater?—I thought Mr. Lawrence was referring to the average bus and coach figure of 28·47d., or the average—

1488. You mean to say that anything less than 28 is less than 28?—Yes.

(*President*): Very well; that is a valuable mathematical fact.

1489. (*Mr. Geoffrey Lawrence*) (*To the Witness*): Would it be your suggestion—I do not know—that if London costs are found to be in this respect well above operating costs in the Provinces, that that is to be wholly accounted for by the peculiar conditions of London?—I think that would probably be so, with this proviso: You have mentioned some provincial figures without indicating to me precisely what they are, and it is not only, I imagine, a question of different operating conditions in London and in the Provinces, but also the way in which the total services of the undertaking are made up. May I just expand that? Supposing some of these Provincial undertakings operate, as many of them do, a considerable quantity of express services, these express services have a low cost per mile because they have a high speed, and that would automatically reduce the average cost.

1490. I understand that, but your criticism of the suggestion that I make would be this, would it not: For that, and for other similar reasons, it is really quite

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[Continued]

useless to compare operating costs per mile as between one undertaking and another?—I think that is what I tried to suggest yesterday.

1491. That was why I was repeating it this morning, to see whether your answer was the same in this respect as it was yesterday as to the other matters which I put.—I think it must be.

1492. Very well. Finally, I think it was Mr. Valentine who said—and I was reminded of this by my learned friend Mr. Harold Willis yesterday—that you are in a position to tell me something about the way in which the apportionment was made which appears in paragraph 5 of BTC 8?—Yes; you are referring to the apportionment of the estimate for “Y” year?

1493. The proportion of the estimate for “Y” year which is said to be attributable to the period from the 1st January to the 15th August, the 15th August being the date when the new fares came into operation?—Yes.

1494. That is the figure of £42,357,000 which I was discussing with Mr. Valentine. I want to keep this as short as I can, because I am only asking you these questions by leave of the Tribunal: We had reached this position, I think, with Mr. Valentine (subject to the exact words appearing on the transcript) that that apportionment was done in the light of the past experience and knowledge of the Commission?—That is so.

1495. And that past experience and knowledge had found expression in some kind of basic pattern of traffic for a typical year—or would that be going too far?—I think it might be going too far to say for a “typical” year.

1496. At any rate a basic pattern of traffic for a year?—Yes.

1497. I take it that would be a pattern which is not just snatched out of the atmosphere; it is based upon some actual experience of an actual year or years?—Yes.

1498. What were the year or years experience which contributed to the formation of that pattern?—For “Y” year the information was basically the same as for the year 1952.

1499. Yes, but you see what I am asking you about is this archetype (if that is not the wrong word to use) that the Commission have, upon which they are able to make an apportionment of the receipts of any notional year, not “Y” year, but just any notional year. Do you follow that?—I follow it, but I think it is wrong to say that there is an archetype, and I think it is wrong to say we can make an apportionment of receipts for any notional year. We are discussing—or at least I thought we were—what we did for “Y” year, and the basis on which we made that apportionment. I could not possibly say what we would do in relation to some other notional year.

1500. Such as “Z” year?—“Z” year would be using the same sort of process, but there would be a different basis.

1501. Would that be using the actual basis of 1953 for “Z” year?—That is the base; there are other things which have to be done to get at the basis of your apportionment obviously, but that is the starting point.

1502. The starting point of this apportionment of £42m. was the actual experience of 1952?—Yes.

1503. Period by period, I suppose?—Yes.

1504. In the matter of receipts?—Yes, in the matter of receipts per car mile.

1505. And that year was characterised by two material events, was it not, the fare change in March being one?—Yes.

1506. And the Government intervention in August being the other?—Yes, but both those things are taken account of in the apportionment.

(President): One does not want history to go wrong; the Government intervention did not occur in August.

(Mr. Geoffrey Lawrence): I am sorry, Sir; I am much obliged.

(President): Perhaps the effect of the Government's intervention—

(Mr. Geoffrey Lawrence): It was effective in August of that year.

(The Witness): I agree, yes.

1507. (Mr. Geoffrey Lawrence): So far as your receipts are concerned, the material dates for those two events would be March and August, 1951?—Yes, the beginning of March and the end of August.

1508. Then I was wrong in suggesting that historically the Government intervention was in August; it was before that, was it not?—I had overlooked that also.

(President): We had not.

1509. (Mr. Geoffrey Lawrence) (To the Witness): We are both at fault there, but I more than you because I initiated the error. Therefore it is obvious, is it not, that if an apportionment for a subsequent notional year, such as “Y” year, is to be made at all accurately, the actual figures for 1952 must be adjusted in respect of those two quite, we hope, exceptional events?—They are.

1510. I suppose we are back again, are we not, as we often are in these matters, into the sphere of enlightened guesswork?—I do not think it is altogether that, but would it help you if I described how the apportionment is made?

1511. It would, because that is what I have been trying to get at for a long time.—The first thing we do is to establish the receipts per car mile for each week in the year—let us say 1952 for the moment because I am dealing with “Y” year, and 1952 is the best year, and we keep referring to “Y” year and 1952; therefore I will take that for convenience.

The first thing we do, as I say, is to establish the actual receipts per car mile week by week in 1952. We then adjust those receipts to allow for the changing dates for such things as the Easter and Whitsun holidays, which well into a different period in “Y” year from that in which they fell in 1952. We then adjust those receipts per car mile to take account of the net effect of any fare changes; that is to say, the receipts up to March 1952 had to be enhanced to allow for the March fares increase, and the receipts for the period from the beginning of the year up to August had to be adjusted to allow for the fact that they did not include the effect of the reduction in sub-standard fares, which was made at the end of August.

Having done that, we arrive at an adjusted receipt per car mile for 1952; we multiply that by the miles budgeted to be run week by week in “Y” year. That gives us the receipts in “Y” year in relation to the mileage run in that year at the receipt per car mile figure of 1952 as adjusted. We then spread the budget estimate for “Y” year *pro rata* to the results of that calculation, and we finally examine the result of what we have done on a chart to even out any exceptional peaks or varies which may have been caused by exceptional circumstances.

For example, if you take the year 1952, there was a special valley in December, due to excessive fog, which went on for some time. That is the process which we adopt for domestic purposes in order to produce these figures which we use ourselves for the purposes of comparison with our actual receipts week by week as we go through the budget year—in this case, “Y” year. I hope that is a clear explanation?

1512. I am much obliged to you. If I understood that right, at the end of all those processes you can simply read off the chart, so to speak, at almost any date of the year which you wanted to select. If it happened to be the 15th August, you can therefore read off the figure of apportioned receipts at that date?—Yes—well, at the end of the week nearest to that date, and then we must adjust to the odd days.

1513. Yes; it is subject to that, because you are working on a weekly period?—Yes.

1514. Perhaps I should correct that question: At the end of any one weekly period you would be able to read off the resulting apportioned figure?—Yes.

1515. This may be comment, but perhaps I can get your agreement to it: That is a process which requires, at each one of those many stages of adjustment, the

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[Continued]

exercise of very much skilled opinion as to valuation and so forth, does it not?—I think not; a great deal of it is straightforward calculation.

1516. Forgive me; that is just what it is not. It is not merely arithmetical. All these adjustments have to be made because you have to take into account the effect, which can never be precisely quantified, of certain actual events not likely to be repeated. Is that not so?—The only events which are not likely to be repeated in precisely the same form are fares changes. Easter, Whitsun and August Bank Holiday always repeat themselves, although at a slightly different point in the year.

1517. And because they repeat themselves at a slightly different point in the year, and because the variation is never quite the same—staff health and habits and so forth—from one Whitsun to the other, you cannot read off this discounting figure even to the last thousand pounds, can you? You have to judge it or estimate it?—We have to judge it or estimate it, I quite agree with you, but we do it in the light of a great deal of knowledge.

1518. I am sure you do, and I would readily concede that, and the whole art of it, of course, is in the application of your past knowledge and experience over many years; but in the end, all these matters are an estimate, are they not?—I would entirely agree that, when we have done the whole thing, it is an attempt to spread the budget figure over the year.

1519. This is perhaps argument, but I will just put it to you: If there is an actual error in the sense that the estimate is slightly out, even though you are giving your best skill and attention to it, at each one of these stages there may very well be a substantial error by accumulation at the end of the whole calculation?—I would say not, because the nature of these calculations must be such that errors tend to be up and down, and to offset one another.

1520. (President): I am not quite sure what the exact question was, but I think it was: If there is an error of the same kind in each successive calculation, the error of course is cumulative?—Yes.

1521. And I think your answer is that you would say that is true, but that in fact and in practice such errors as there are would tend not to be all the same way, and therefore there would not be an accumulation of errors but a balancing out of errors?—That is my view—that in a statistical exercise of this kind you do get your errors offsetting one another.

1522. (Mr. Geoffrey Lawrence): Except for this—and it was at the back of my mind in correcting a question I should have put to you: It is a question of interpreting past figures of experience, is it not, at each stage?—Yes.

1523. And the interpretation is done by the same person or persons, or the same department, throughout the calculation?—That is quite true—that it is done by the same department, I think would be the correct way to put it, because it is not the sort of calculation which you give to some-one and say: "Work that out," and you immediately expect the answer. One looks at it and studies it.

Cross-examined by Mr. RIPPON.

1528. First of all, would you turn to BTC 701, line 11? You show there your working expenses, including depreciation or renewals at £66.1m. for 1952?—Yes.

1529. That was, of course, a figure which we did not have at the Inquiry last year.—I think the accounts were not published, but I think an indication of that figure was given; I may be wrong.

1530. In fact, in BTC 401 we had an estimate of £68.2m.?—That was for "Y" year and not for 1952.

1531. That was your estimate for "Y" year—£68.2m.; but actually it was £2.1m. above the 1952 actual, as a matter of mathematics?—Yes.

1532. Of course, that was a figure, whether or not it was put in the documents, that you or the Commission did know about at the time of the last Inquiry?—The "Y" year figure?

(Mr. Geoffrey Lawrence): I was wondering whether one might expect a certain consistency of interpretation throughout the whole matter, from stage to stage, so that you would not get errors up and down; but you might get a leaning or a tendency consistently, or comparatively consistently, all the same way.

(President): You mean that a convinced optimist, given the whole business, might easily produce one figure, whereas if he happened to be, for that year, a convinced pessimist, his result would inevitably be different.

1524. (Mr. Geoffrey Lawrence) (to the Witness): I am bound to concede, on that hypothesis, that any answer, if it be wrong for the valuation of "Y" year's estimate, might be wrong against me as well as in my favour; but it is really a question directed to your remark that we can be safe in thinking that it was plumb on the target because of these cancellings out?—I think you are perhaps putting words in my mouth; I did not say it was "plumb on the target"; I do not think it would be plumb on the target at any given time. There are bound to be minor differences, but they do tend to cancel out.

1525. On the first statement you made about this matter as to finding out a figure of receipts per car mile, does that mean that you obtain a constant figure of receipts per car mile throughout the year?—No, we work out a figure week by week; it is a varying figure.

1526. Yes, it is a varying figure, but I am reminded by my learned friend Mr. MacLaren that at one stage in this calculation you were met with the problem of making an adjustment for the effect of the increased fares in March of 1952.—Yes.

1527. Could you tell me this: In fact, was the adjustment you applied the forecast which you had made to the Tribunal of the results of those fares increases, or was it another, and fresh, calculation?—I could not tell you that from my own knowledge, but I would expect it to be a slightly different figure because, if you remember, when you were discussing this point with Mr. Valentine, I think there was a slight difference between the total allowance for fares increases and the position which had been put to the Tribunal, but the difference is not large.

(Mr. Geoffrey Lawrence): I am very much obliged to you, Sir, for your indulgence this morning.

(President): Yesterday you mentioned the suggestion at the 1950 Inquiry of a non-radial Green Line service.

(Mr. Geoffrey Lawrence): Yes, Sir.

(President): I think I said—and a number of people said—that they did not remember it, and I think I said two members of the Tribunal did not remember it. I did not then avail myself of the knowledge which we have of everything that happens at all Inquiries, if one only cares to use it. The point is that you are quite right in your facts, and the reference is to the cross-examination of Mr. Valentine on the 2nd June, 1950, which can be found on page 293 and following.

(Mr. Geoffrey Lawrence): I am much obliged to you, Sir; I have it turned up. It was also referred to by my learned friend Mr. MacLaren in his address as reported on page 594 of the 1950 Transcript; it was to him that I was indebted for the information.

1533. No, the fact that it was £2.1m. above the 1952 actual.—Yes.

1534. If you will look at BTC 402, you could have expressed the figures in relation to major increases in relation to wage rates and price levels on the basis of increases over the 1952 actuals, could you not?—I could have done that, but I think we did not do it because the 1952 figures were not generally available at that time.

1535. I know they were not generally available to the Objectors and to the Tribunal, but, of course, they were available to you?—Yes.

1536. So that if you had done it on the basis which I am now suggesting, one would have found that 1952 actuals did not include £0.4m. of petrol duty?—Probably about that, yes.

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[Continued]

1537. It did not include £1.5m. of the increase in wages?—Probably more than that. The word "Autumn" is used rather generally there, and I think a lot of these increases happened very late in the autumn.

1538. But you could have quantified it exactly, could you not?—Yes.

1539. And the same of course applies to the increase in the rate of National Health Contributions and the increase in coal prices?—Yes.

1540. Then you could have made an adjustment for other increases in cost which appear in item No. 4, and for the economies which appear in item No. 6?—Yes.

1541. Would that not have been a much more realistic basis to have adopted?—I really do not think I can help you very much by saying whether or not the Tribunal would have been assisted by a different presentation of BTC 402 a year ago.

1542. But of course it could have been done.—It could have been done, and I have no doubt that we made some calculations of that kind ourselves.

1543. And the effect would have been to show a total increase of £2.1m. above the 1952 actual?—Yes. It would have been the difference between £66.1m. and £68.2m.; that is, the working expenses for 1952 and "Y" year.

1544. Yes. In your estimates this time, your estimate for "Z" year is £70.1m.?—Yes.

1545. That is £68.2m. for "Y" year, plus your net increases in working expenses of £1.9m. as shown in BTC 704?—Yes.

1546. What in fact are your estimated actual working expenses for 1953?—May I just have a moment to find the reference?

(Mr. Harold Willis): Of course, this is not a published figure yet; but it has been supplied, as a reasonably reliable estimate, to the London County Council.

(President): I imagine Mr. Rippon is aware that as the accounts have got to be laid before Parliament, we are all in grave risk if we lay them elsewhere than in Parliament.

(Mr. Rippon): Is that really so, Sir?

(President): It is not a risk I will allow you to take.

(Mr. Rippon): I am relying partly on an intimation which you gave to me at the last Inquiry.

(President): I am not saying that there is an objection to your asking for a particular figure; I am only saying that if, in fact, the accounts are available in their final form, we should get into trouble if they were laid anywhere except before Parliament.

(Mr. Rippon): Is that in fact so, Sir? If one can ask for any particular figure, as you suggested at the last Inquiry I would be at liberty to do, would that involve any breach of Parliamentary privilege?

(President): I hope not, but I am quite clear that if you ask for the whole of the accounts, if they are all ready to be produced, I shall hold that you are not entitled to have them because it would be a breach of Parliamentary privilege for them to be produced. We need not discuss that constitutional matter, about which I am telling you what my decision will be; I am telling you that you can ask for, and use, a particular figure which you have obtained.

(Mr. Rippon): I am much obliged, Sir.

(The Witness): I have the figure; it is £68.2m.

1547. (Mr. Rippon): Yes, and you have in fact, I think, produced for the London County Council a document which shows the estimated financial results for the year 1953 on the same basis as they are shown in the annual Report and Accounts for 1952?—It is broken down under the headings of Gross Receipts, and the six main groups of working expenses are sub-divided between Road Passenger Services and Railways. I think that is the document to which you are referring?

(President): Which is this document?

(Mr. Rippon): I am sorry, Sir, but I have only one copy.

(President): Has it an identifying number, or mark?

(Mr. Rippon): No, Sir; that is why I felt I ought to put the figure in cross-examination rather than to put it in as—

(Mr. Harold Willis): It is not in any of the ones which have been put in yet.

(President): If you are going to put in figures, we had better have the document, or copies of it. Have you only one copy? Somebody ought to have prepared more than one copy, but we will do our best. (Document handed.)

(Mr. Harold Willis): I think we have one or two more copies, if I might assist the Tribunal.

(President): I should have thought that the six or seven Local Authorities for whom Mr. Rippon is appearing might have each contributed one copy of this important document.

(Mr. Rippon): I do apologise, Sir. I felt that probably I would not be able to put this in as a document, but that I would have to elicit the information by way of cross-examination.

(President): You may not be able to put it in, but it is useful for us to have the document you are trying to get on the transcript.

1548. (Mr. Rippon): That shows that your working expenses for 1953 are in fact your figure for "Y" year?—They are the same figure, yes.

1549. Is that just a coincidence?—I regard it as evidence of very good budgeting for "Y" year.

1550. Is your figure for "Z" year of £70.1m. in fact your budget for 1954?—With the adjustments which I mentioned on, I think it was, Wednesday of last week.

(Mr. Rippon): I have another document which shows your working expenses, including your depreciation, for "Y" year; that is your budget of £68.2m., which you handed in last year and which again is another of which I have only the one copy.

(President): Was it an exhibit last year?

(Mr. Rippon): I think it came in in the same sort of way as the figure given by the London County Council, Sir.

(President): Is it printed in the Note? Mr. James seems to think it was.

(The Witness): I understand that it became BTC 404, and was printed in the transcript; it was not with the Statements.

1551. (President): Then it was lodged during the Inquiry?—Yes, Sir; it is on page 147 of the Eighth Day.

1552. (Mr. Rippon) (To the Witness): If you compare those two documents, you will see that in fact the totals are the same, but that the figures which go to make up the total show quite a considerable variation?—I think it all depends upon what you mean by "considerable"; but they do show variations.

1553. So what you are saying is that it is just coincidence that the two totals are exactly the same?—No, I do not say that it is just coincidence. I think I said the other day that we came out very close in 1953 on our budget; but I did say also, I think, that that close correspondence in total necessarily involves some variations in detail—that is what I would expect.

1554. Is it really a case of deciding upon working expenses of £68.2m. for a given year, and then in fact spending up to that limit?—That is an entirely erroneous suggestion.

(Mr. Rippon): Just take, for example, your vehicle operating costs; your estimate for the road passenger services shows a variation of £0.4m. up, and for the railways £0.2m. down. There are those sorts of variations shown throughout the table, and they are quite considerable, are they not?

(President): I never think it is of any assistance to try and get agreement on the particular adjective by which one ought to qualify an ascertained figure. If one knows that something is £0.2m. greater or less than something else, one is really not very much assisted by agreement or disagreement on the question of whether it is considerable, nice or nasty—it is £0.2m.

(Mr. Rippon): I wonder if it would be possible for the table which has been given to the London County Council

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[Continued]

to be provided as an exhibit this year as it was last year, so that one might make comments, such as one has, in final speeches more easily.

(President): Do you mean the one which I now have—the estimated final result for 1953?

(Mr. Rippon): Yes, Sir.

(President): That can be printed. What number will it be?

(Mr. Rippon): It is information which they refused to let my clients have, but which they let another body have.

(Mr. Harold Willis): I think that is quite wrong, Sir. (Mr. Rippon): It was never sent to us, and we did ask for those comparable figures for 1950-1953.

(President): We had better clear that up now, Mr. Rippon, if you seriously say so. What you are saying is that you were asking for them, you were refused them, and you have now found that they have been given to somebody else?

(Mr. Rippon): Yes, Sir. We wrote a letter on the 19th May of this year, which says: "I should be obliged if you would ask your Clients, the British Transport Commission, to supply me as soon as possible for use at the Hearing of the above Application, with the following information:—Estimated information for 1953 and 1954 as contained in the following Tables for 1952 report"—and it sets out the Tables which are relevant.

(Mr. Harold Willis): It is the actual figures of the accounts; it is advance information as to the accounts.

(Mr. Rippon): But you said: "If my clients find themselves in a position to give you any general information regarding 1953 and 1954 touching upon the matters which are the subject of the Tables mentioned in your letter, I will, of course, supply this information to you at the earliest possible moment."

(Mr. Harold Willis): And on the 21st May we sent you the document—I understand that the document was actually delivered to Mr. Rippon's own chambers, Sir.

(Mr. Rippon): Then if that is so, I apologise profusely. At any rate, I got it through—at least it came to my attention first through—the good offices of the London County Council. If, however, it was in fact supplied, it did not appear on the face of the correspondence that it had been sent to us.

(President): It is a serious matter for the Transport Commission that it should be said that they have refused information reasonably asked for by one Objector, and supplied it to another. However, it now appears that that is not correct.

(Mr. Rippon): Yes, Sir; I was surprised, because I thought it had been given to the London County Council and not to us. However, I accept fully that it was sent to me, and I withdraw any suggestion that was inferred.

(President): That is what I should expect of you, Mr. Rippon. Then by what number had this better be called?

(Mr. Rippon): "BTC 705" would be more convenient; it is their Table, and not ours.

(President): Mr. Willis, Mr. Rippon has suggested that the identification should be "BTC 705."

(Mr. Harold Willis): If you please, Sir; I am quite prepared to accept the parenthood of it.

1555. (Mr. Rippon (to the Witness)): Of course, that Table is in fact set out in the form in which you find the working expenses set out in Table VI-5 for 1952?—Yes; I think it uses the same headings.

1556. And I must refer to it for our present purposes as an estimate?—Yes.

1557. Apparently your actual vehicle operating costs for 1952 were £29.2m. for road passenger services.—For 1952?

1558. It is Table VI-5 of the 1952 Report, page 235.—Yes.

1559. Your estimate for 1953 is £29.8m.?—Yes.

1560. The detailed break-up of that is shown on Table VI-5x for 1952?—Yes.

1561. And presumably your estimate for 1953 is built up in the same way?—No, it is not. I am sorry, but when you said the estimate for 1953, you are speaking of these results as they are on this document?

1562. Yes.—Yes, that is so.

1563. I am calling them "estimates" because of the difficulties which might arise if I did not.—Yes, I appreciate that; I had misunderstood the question.

1564. Can you give me your estimates for 1953 on the basis of Table VI-5A on page 237?—It seems to me that if I were to do that, I should be giving you the full details of these accounts, should I not?

1565. What you are saying is that there is no objection to giving us the estimates for the total working expenses on the basis of one table of the 1952 Report, but that you cannot give it to us for another table?—Yes.

(Mr. Rippon): Why should it be right for you to give us the total figures on the basis of Table VI-5A, which presumably bears some relation to the Report now before Parliament, but you cannot tell us anything about the detailed breakdown in Table VI-5A—

(Mr. Harold Willis): I do not think that is really a question for Mr. James; it is surely a matter for the Tribunal to rule upon. If you go through the process of breaking down, ultimately you produce all the accounts.

(Mr. Rippon): That is what you, Sir, suggested I should do on the last occasion—

(President): Then, if I suggested that, I was wrong. Can you not tell us what you want to get out of this?

(Mr. Rippon): What I want to get is the difference between 1952 and 1953, and the budget for 1954 on the last figures which are really available, if the Commission care to produce them.

(President): But that is too general, Mr. Rippon; what do you hope to get? There is no jury here; obviously you are hoping to make a point at some time—what are you bothered about?

(Mr. Rippon): I am saying, Sir, that if we knew what the actual figures for 1953 were and what the budget for 1954 was, on the same basis as is set out in the Annual Report, it would be very much easier to cross-examine and probe into the Commission's figures, than it is on a series of reconciliations between "X" year, "XA" year, "Y" year and—

(President): That does not answer my question. You have asked whether the vehicle operating costs, which appear in this new exhibit BTC 404, can be split up.

(Mr. Rippon): Yes, Sir—in the same form as Table VI-5a.

(President): But why do you want them split up?

(Mr. Rippon): If we split them up, and if there were some striking discrepancy between 1952 and 1953, then one could ascertain where the increased costs of the Commission have in fact arisen, and then one is in a position to ask questions as to why it happened. If you look at the total of Table 5a, which we know, it was £29.2m. in 1952; we know now that the new estimated total is £29.8m., so there has been, on that table, an increase in working expenses of £0.6m. It would, I think, be relevant to know where that increase has taken place; for example, if it has taken place under the heading of "Tyres" one could ask why that should be so.

(President): In other words, you want to be allowed to go on with a fishing interrogatory in the hope that something will turn up out of which you can make a case, which you cannot make at present?

(Mr. Rippon): I do not want to be difficult about this, Sir, but on page 453 of Day 22 of the previous transcript, I was saying this: "You have pointed out that there is other information which is available to the Objectors and which is contained in the Annual Reports up to 1951—we have not the important Report of 1952, of course—and we have also the Transport Statistics. (President): I was more concerned in questioning what information you have before this Inquiry was opened, to add the Reports to our statements which had been put in in compliance with our order. Once the Inquiry was opened and Sir Reginald was in the box, of course you were in a position to ask him any question about anything. (Mr. Rippon): Yes, Sir; of course, we could do no more than ask questions

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just to make a line which we could develop in general argument. If one attempted in cross-examination to get a budget on the basis on which we are asking for a budget, the cross-examination would have taken an even more intolerable length of time than perhaps it did in the Tribunal's view in any event. (President): It was a matter for you to decide what information you wanted, without, if I may say so, having any regard to the comfort or convenience of the Tribunal, but solely with regard to the case which your clients desired you to put forward. You must not now complain, having had in the box witnesses who were in the position to answer any questions you liked to put, that you have not been able to obtain any information as to the budgetary position of the London Transport Executive, the Railway Executive, the Docks Executive or any other Executive.

(President): Then you will be in a position to complain this time, because I am not going to order Mr. James to split up his Table BTC 404 among the headings in Table VI-5a in the Accounts. In your final speech you will be allowed to complain that you had not an opportunity of obtaining those figures.

(Mr. Rippon): I would not say any more than that it is within the discretion of the Tribunal to order the Commission to give figures, or not to do so; but we have always said that the way in which the budget is produced is not helpful to the Objectors. I appreciate that it is a matter of comment, but I did not want it to be said that I had missed by opportunity on this occasion.

(President): In preparation for the next Inquiry, your clients must prepare a form of statement which you will find more illuminating; I hope it will not be fuller than the exhibits which we get at present—

(Mr. Rippon): It is not our information, and we cannot obtain it if the Tribunal refuses to order the Commission to supply it.

(President): I was not suggesting that you should supply figures, but that you should draw up an ideal form which the Objectors would find useful. I hope, however, that we shall never have exhibits which will contain the mass of material in the Report.

(Mr. Rippon): We only want London Transport; I think it would be useful to have that.

(President): Speaking for myself, at the end of any Inquiry, I always feel that I have had enough statistics.

1566. (Mr. Rippon): We felt that if it was good enough for Parliament and the public, it might be good enough for the Tribunal, rather than the different basis that we have here. (To the Witnesses): To turn now to an entirely new topic, I think you have given some evidence with regard to a new method of calculation of maintenance and depreciation?—Yes.

1567. That is at Day 2 of the present Inquiry, page 29, Question 470.—Yes.

1568. You say this in the answer to that question: "as from 1954 the formula has been dropped, and the procedure now is that maintenance is charged substantially with the actual expenditure incurred in any year, subject to the equalisation of expenditure on renewals, which are unequal in incidence and which have to be spread as evenly as possible over the years". Again, that is something that you could have quantified, or you can in fact quantify, on the basis of the figures for maintenance and depreciation in the 1952 Annual Report. I am not going to ask you to do it, because I am not enabled to do so; but it could be done, could it not?—It would be a little difficult to do it, because not quite all the items included in these headings were included in the Standard Charge, and depreciation certainly was not.

1569. But we would get a different total figure from Tables VI-5b and VI-6b, and you could give us your 1954 budget as a total in exactly the same way?—Yes.

1570. And in fact you must have done so?—I have not in fact, because I do not make up my 1954 budget in this form. Perhaps it would help you if I said that the result of the change in the method of accounting arrangements is to produce precisely the same figure within £24,000 on a total of something like £14m. or £15m.

1571. (President): Are you talking about London Transport or London Transport and London Lines?—I am speaking of London Transport only, Sir.

1572. (Mr. Rippon): Mr. Valentine told me yesterday at page 83—he said that if it was a wrong figure, you might be able to correct it—at Question 1268 there is a reference to the life of a trolley-bus, which was given as 18 years.—That is the life on which depreciation is set aside for trolley-buses; that is quite correct.

1573. And at Question 1273, it is said that buses are depreciated on the basis of a 14-year life?—Yes.

1574. So on your new method of calculating depreciation, do you take it at one-eighteenth and one-fourteenth of the cost of replacement?—I said that depreciation was not included in the standard charge. There is no new method of calculating depreciation; it is precisely the same as it has been since 1948. But we do calculate the depreciation on a bus as one-fourteenth of the cost of the bus, and the depreciation on a trolley-bus as one-eighteenth of the cost of a trolley-bus.

1575. And that will be reflected in the figures in the Annual Report?—Yes; but I do want to emphasise that there is no change at all in the method of dealing with depreciation.

1576. Mr. Valentine could not tell me, but perhaps you can: What is your present figure for the replacement costs for a trolley-bus and for an oil-driven bus?—I do not know, because I provide my depreciation on original cost and not on replacement cost.

1577. I am sorry; I am probably completely in error, but I imagined that the new basis was on the new cost, not historic cost?—No; that is the point. The Commission at present makes its provision on the basis of historic cost, and in the case of trolley-buses, it is the cost of a trolley-bus many years ago.

(Mr. Rippon): Is that taken as an average figure—

1578. (President): It is a straight line, is it not?—Yes, Sir.

(Mr. Rippon): What figure do you take as the original cost?

1579. (President): You begin with a percentage of whatever it was on original cost when you acquired a particular trolley bus; is not that what you mean?—Yes, Sir, but I am not clear whether Mr. Rippon has asked me for the original cost on which the depreciation is calculated, or the amount of depreciation set aside in relation to buses and trolley-buses.

1580. (Mr. Rippon): I thought that was the figure of the one-eighteenth and the one-fourteenth. That is the way you make the calculation—one-eighteenth or one-fourteenth of whatever is the figure of cost that you take?—Yes, but I do not deal with the actual buses and trolley-buses, and there are quite a lot of each. I spread the figure over 18 years in the case of trolley-buses and over 14 years in the case of buses; it is on the total expenditure on buses any year—

1581. Expenditure on new buses in any particular year?—Yes. It does, of course, average the cost for that purpose.

1582. I think Mr. Valentine told me that you would be able to assist me on the subject of the staff budget on the basis of Table B.5 in Transport Statistics of 1953, Series 13, pages 12 and 13?—Yes.

1583. That is your establishment as at the end of 1953, on the basis of that table?—Yes; I have those figures.

1584. Perhaps you could read them out, and I could write them down at the side of the table.—They have momentarily become buried in a mass of other papers, but if you will bear with me for a moment, I will find them for you. This is at the 26th December, 1953; the total number of staff as appearing in Transport Statistics was 94,643, and the total establishment of staff at that date was 97,034.

1585. So that there has in fact been very little reduction in your establishment as between 1952 and 1953; by that I mean that the economies that were apparently represented by the fall in staff are almost entirely represented, are they not, by unfilled vacancies?—I agree that the establishment figures are almost the same for the

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two years. The establishment figure at the end of 1952, which I think is the figure that you had in mind, is 98,470; there is, after all, a reduction of 1,000.

1586. But they are very different from some of the figures which were put before us on other occasions?—I do not know what figures you had in mind.

1587. A good deal of publicity has been given one way or another to reduction in staff and the savings that have followed therefrom; but in fact the savings are resulting not from your pruning your establishments, but from your failure to recruit the number of individuals you think you require?—If you are referring to some figures which were given by the Chairman of London Transport some weeks ago, those particular figures were related to staff establishments, and they showed very considerable reduction over the periods to which the Chairman referred, and I think you will find in the document which was issued to that Conference that it specifically says "Establishments".

1588. I had not that figure in mind; I was really making my own comparisons between 1952 and 1953 on the same basis as it was brought out at the last Inquiry.—I am sorry, I misunderstood you; the only figures I could think of that were given publicly were those which I had mentioned.

(President): Were you in fact referring to Sir John Elliott's statement, Mr. Rippon?

(Mr. Rippon): I was really thinking of the figures which we had at the last Inquiry, Sir. I think Sir John's figures went back over a much longer period, and I am not challenging them in any way.

(Mr. Harold Willis): What Sir John Elliott said at the Press Conference is: "Since 1948 London Transport has reduced its establishment of staff by approximately 5,000, from roundly 101,000 to 96,000 in the pursuit of economy. There has been a drop almost every year."

1589. (Mr. Rippon (to the Witness)): Yes, but in fact a drop to 96,000 is not, of course, anything more than unfilled vacancies, in so far as there is this difference between the figure he has given, and the figure which you have now given of the establishment.—All the figures given are of establishments; that is quite clear.

1590. Yes, but I am not really disputing that point. Perhaps we are taking a different period of time now; I have made my comparison of the establishment as at the end of 1953; that is the figure of 97,000. Is the figure that Sir John Elliott has given a more up-to-date figure, taking into account reductions of establishment in the last six months?—Yes.

1591. If I may explain, I wanted those figures in order to test the figures put to Mr. Valentine on the subject of the number of staff employed per vehicle—supervisory staff, maintenance staff, and so forth. The figures we had from Mr. Valentine showed the number of staff per vehicle that you actually have at a given date; I wanted to see the figure that you thought you ought to have, which is, I suspect, a somewhat higher figure?—Yes, it is. If you wish to have that figure, at the 26th December again it would be, in the case of drivers and conductors, 1,096 more than the figure which appears in Transport Statistics.

1592. What about the supervisory staff?—That would be 31 more.

1593. And the other gentlemen as to whom we were not quite sure who they were?—They would be 106 less.

1594. And the figures under "Mechanical Engineering" (Roads) Supervisory, Shop, Garages and Depots?—they are the other set of figures we have been using?—Supervisory would be 11 more; Shop would be 277 more, and Garage and Depot 16 less.

1595. I am much obliged. Now I want to ask you just a short question or two on the subject of the contribution to central charges. London's contribution, I think, is to be raised from £5.4m. to £5.5m.7—Yes.

1596. And that is partly due to higher interest charges, is it not, as shown in BTC 701, line 20?—So I understand, yes.

1597. Under the heading "Central Charges" in BTC 701, do you see that the interest charges have

gone up from £46m. in 1952 to £53m. in "Z" year, and I think the figure for "Y" year in BTC 401 was £49.8m.?—Those are the figures which I have.

1598. And London's contribution to central charges is really being used, is it not, in order to make some further contribution in respect of higher interest charges?—Yes.

1599. I think the higher interest charges broadly represent the £200m. additional capital raised by the Transport Commission last year?—I think that is so, but I imagine that Mr. Winchester would be better informed on this particular subject than I am, although I will help you if I can.

1600. The only point I want to put to you is: What proportion of that £200m. has gone to London?—I do not think I could possibly answer that.

1601. Why not? You are being asked to pay the interest on some unspecified amount of capital which has been allocated to London; are we not entitled to know what the allocation is?—As I understand it, the £200m. in a sense puts the Commission's resources in balance again. The money has been spent on various things, and they have now to raise more capital, so it is not a question of taking a proportion of £200m.

(Mr. Rippon): Perhaps I can get more information, if necessary, out of Mr. Winchester. But if we are going to have to pay this additional £0.1m. for interest charges, can we be told if any allocation has been made for the additional revenue which you expect to earn as a result of raising new capital, or are you telling us that in fact that is not the purpose of this loan? Do you expect any increase of revenue to result, taking one year with another, as a result of raising new capital on this large scale?

(Mr. Harold Willis): Taking which year with which?

1602. (Mr. Rippon): I am using the term of the Act; taking one year with the other you have to balance your accounts, presumably you expect that by raising £200m. of new capital the interest charges will be off-set, at any rate to some extent, by increased earning capacity.—I did suggest that the £200m. was related probably more to capital expenditure that had already been incurred than to prospective capital expenditure.

1603. We differ; you are, as Chief Financial Officer of the London Transport Executive, expecting no increased earning capacity as a result of this change in the financial position?—I think I would put it this way: the things on which we have spent the most capital in recent years have been buses, and I think there is a benefit to revenue as a result of the substitution of the modern buses for the old and expensive buses. I think we have probably had our benefit already and are continuing to reap it.

1604. But there will be no fresh benefit from the borrowing of last year?—There are no major works in hand on the capital account for which I should allow any adjustment in "Z" year.

1605. I think, Mr. James, in the letter which Lord Hurcomb—I am afraid I only have the report from "The Times" of 12th July, 1952—the then Chairman, sent to the Minister of Transport when transmitting the Commission's report for 1951 to the Minister of Transport he made a reference to the Commission's London Plan Committee. If I may read the report in order to give you a general picture, it says: "The Commission's London Plan Committee continued to give consideration to long-term proposals for railway improvements in London. Priorities were reviewed in the light of present conditions. Preliminary work was in hand on the scheme for lengthening platforms in the Southern Region to permit of the operation of 10-car trains and to reduce congestion on that region's suburban lines in the south-east. Among the proposals for major new works, the Commission had given first priority to an underground railway which would link the Tottenham and Walthamstow districts with the West End and provide a new connection between Victoria, Oxford Circus and King's Cross. The southern end would be projected over the District Line Wimbledon branch. The views of the Government on this scheme were awaited." Can you say what is the position at the present time in regard to those major improvements which were regarded as first priority?—

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There is, as I know it, not the slightest prospect of that railway being constructed and coming into operation for the next few years. It would in any case be a long-term job and it could not possibly affect "Z" year.

1606. None of the £200m. is incurred for that purpose as far as you know at the moment?—I really cannot answer that question; all I am saying is that that particular railway is not included in something to be done immediately; even if it were it would not—

(President): I should not be surprised if when Sir Reginald Wilson goes into the box he will be able to tell you why the Commission raised the extra capital in the course of the year.

1607. (Mr. Rippon): I was only concerned with London's share in relation to the contribution to the increased Central Charges. Only, I thought, Mr. James could explain what he expected to receive. I am much obliged, Mr. James. I have finally a few questions on the cost of providing your services. Mr. Valentine told me yesterday that you made recently (for another purpose) a study of comparative costs inside and outside London. That is on page 82, Question 1251.—Yes.

1608. So you are familiar with these matters?—I have some knowledge of them, but I have not a great deal of information at the moment.

1609. Mr. Valentine also tells me, on page 85, Question 1344, "Most transport undertakings do not have the necessary statistics of passenger miles by which to divide their passenger receipts in order to ascertain the average charge per passenger mile".—Yes.

1610. But they do have statistics, do they not, to show their average costs—average working expenses?—Most of them do, or they have figures from which they can be derived.

1611. Some of them can be found, can they not, in a document published by the Ministry of Transport last year entitled "Public Road Transport Passenger Statistics"?—I did not think any individual undertaking except London Transport was mentioned in there. Everything else appeared to me to be put together in aggregate tables.

1612. Yes, but the tables are based, are they not, in relation to receipts and expenditure per vehicle-mile?—Yes, they are, but they are very large aggregates in those tables.

1613. It indicates, does it not, that those statistics are available? If they were not, it would be impossible to compile a summary.—I have not suggested that they are not available, Mr. Rippon.

1614. And you have made a study of them recently for another purpose?—You are putting it too high. I have started to look at them for another purpose. I have started, in fact, to look at certain municipal ones, but I have not at this moment made a very extensive study of these for the simple reason that not all the information is available to me at the moment.

1615. But on the face of the statistics—I will put it to you just for the purpose of getting it on the record—Table 6 of that document "Public Road Transport Passenger Statistics" gives the figure for London in 1951, being the only comparable figure we have: London Transport Executive working expenses 24.87; other operators, total 21.37.—I am sorry, but I am not with you at the moment. This is Table 6?

(Mr. Rippon): Yes.

(President): Is there more than one copy of this? (Copy handed to the President.)

(The Witness): Would you be good enough to give me those figures again?

(President): It is a Stationery Office publication.

1616. (Mr. Rippon): The London Transport Executive working expenses at that date, 24.87; other operators 21.37.—I am sorry, but we do not appear to have the same copy. Mine is the edition for 1952.

1617. Mine is the edition published in 1953 for 1951.—Mine happens to be a year later, so I have not the same information.

(President): We will get additional copies. When was it published? Does it give the date?

(Mr. Harold Willis): Mr. James has the latest one.

(Mr. Rippon): Mine is 1951; Mr. James has 1952. The Stationery Office said the 1952 edition was not available; I think it must be very recent.

(President): The statistics for 1952, published in 1954. The table with which you are concerned is Table 6, is it?

1618. (Mr. Rippon): I think we can get the comparison between the two years, 1951 and 1952. The 1951 figures which I have are London Transport Executive 24.87; other operators 21.25. What would the figures be for 1952?—To be quite sure we are reading the same document, I think you are reading the second line in the second section of Table 6?

1619. Buses and coaches.—Yes.

1620. (President): All operators and, in the second section, London Transport Executive working expenses.—This table says "London Transport 27.14d.; all operators 22.73d."

1621. (Mr. Rippon): Yes, I think those are the comparable figures. The London Transport Executive 1951, 24.87; other operators 20.25. In 1952, London Transport Executive 27.14; other operators 22.73. The differential, as we might expect, being maintained as we go along?—Yes.

1622. Does the London Transport Executive figure include any proportion of contribution to Central Charges?—No, it would not for this purpose. This is the figure of net traffic receipts which is before Central Charges.

1623. The municipal operators' figures do include all those charges, do they not?—Yes; that is one of the difficulties of comparison, but debt charges take two forms. There is interest on debt and there is the redemption of capital. It is very difficult to tell which is comparable.

1624. All those factors can be taken into account, can they not, with the figures for municipal operators?—No, not in arriving at the figure of net receipts.

1625. No, we are looking at working expenses.—Yes, I appreciate that.

1626. And they do include that figure, do they not, in their working expenses?—I think not; but I must say this. You mentioned just now that I was looking at some of these accounts; I have found that the bases of compilation are very different as between one undertaking and another. You therefore have to make quite extensive analyses of the figures before you can put them on any comparable basis at all.

1627. What you are saying really is that for the purposes of comparison, the figures published in the document by the Stationery Office and the Ministry of Transport are not very helpful?—I do not think they are.

(President): Anyhow, they must be used with caution.

1628. (Mr. Rippon): No doubt, Mr. James, you are familiar with the methods of the various local authorities; is there any method that you can suggest whereby such information as you have can be put in our possession?—No, I do not think so. I feel the information I have at the moment is by no means final and I do not think there is a suitable piece of paper to be given general circulation at the time.

1629. These are the sort of matters, are they not, which are being investigated by the Chambers Committee?—They are. Would it help you if I said that I had found several municipalities whose working expenses were higher than those of London Transport?

1630. And a good many which were not?—Yes.

1631. A large number which were not?—I have not looked at a very large number, but you may be right.

1632. I do not want to take up the time of the Tribunal, but looking at the published reports of municipal undertakings for 1951, which was probably comparable with the figures in the document to which I was referring—the Public Road Transport Statistics 1951—I think you will find that the figures for Manchester, Birmingham, Liverpool and Glasgow are all below the figures for the London Transport Executive? I think you will find they include a provision for the redemption.—I do not think I can accept that off-hand

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because I should have to look at the figures and I should have to make the appropriate adjustments to bring them into line with one another.

1633. I do not think we can hear them now in very great detail, but I am not going to accept your suggestion that there are a good many local authorities above London.—I did not say a good many; I said some.

1634. I am suggesting to you that as far as Liverpool, Birmingham, Manchester and Glasgow are concerned, they are in fact below.—Yes. Might I add one point? Were you comparing the year 1951 of London Transport with the year 1951 of local authorities?

1635. It is the figure for the year ended 30th March, 1951.—That should be compared with the year 1950 for London Transport, of course.

1636. Yes.—There have been changes of wages and items of that kind which distort comparability the further apart the dates are.

1637. You are saying that the document of 1953, showing the financial year between 1st April, 1951 and 1952, shows in fact for London Transport the figure for 1950?—I think so, yes. I think they must do. The financial year of April, 1952, and March, 1953—I am sorry; which document are we talking about?

1638. I think we are getting into some difficulty here, Mr. James. I was taking the document "Public Road Transport Passenger Statistics, 1951". I was making my comparisons on that basis because those are the years for which I have the figures for the municipal undertakings.—I think the document that was published for the year 1951 will probably include the 1951 London Transport figures and the 1951-52 municipal figures, if the basis is the same as the next year.

1639. Thank you very much. We did hear from Mr. Valentine at the last Inquiry that the average cost of running a bus in London on the basis arrived at by dividing working expenses by operating stock was £4,870?—Yes, I have not the reference to that, but that is a quotation from the Minutes I take it?

(Mr. Rippon): It is a quotation from Mr. Valentine's evidence. I can find the reference if the Tribunal wishes me to do so.

(President): Let us proceed for a little time on the assumption that Mr. Valentine did say so. I gather you are going to ask Mr. James something about the figure or about the statement, or about Mr. Valentine.

1640. (Mr. Rippon): It is at Day 12, page 220, Question 3433.—Yes.

1641. Would it surprise you, Mr. James, to know that the comparable figure for the Northern General Transport Company was £3,200?—I would expect it to be lower.

1642. Lower to that extent?—I think I am bound to make the same kind of reply as I made yesterday. I must know more about these figures before I can really comment on them at all.

1643. I derived that figure of £3,200, Mr. James, from the Northern General Transport Company's report of the Annual Meeting held on 17th April of last year, reported in "The Times" of 20th April, 1953, in which it was stated that "£515,000, which is roughly 16 per cent. of our total expenses, is being paid in fuel and road vehicle licence duty".—Yes.

1644. If that is so, then it follows that the total working expenses are of the order of £3,200,000, a matter of mathematics.—Something of that order, yes.

Re-examined by Mr. HAROLD WILLIS.

1652. Mr. James, you have been asked a number of questions about relative costs. Of course, the significant point for the purposes of this Inquiry is whether the right figure for working expenses is the figure of 70-1 which you have put forward for London Transport?—I agree.

1653. And to suggest that in some respects costs are different elsewhere may be of limited value for that purpose?—I would have thought so.

1654. Because if one is comparing the cost of one undertaking with another, there are two factors broadly which you have to have in mind. First of all the basis in arriving at the cost must be precisely the same to be of real value?—Yes.

1645. And it was also stated that their combined fleet now totalled nearly 1,000, so on the same basis, and I appreciate it is only a rough bases, as I was putting those questions to Mr. Valentine about the cost of running a bus, which worked out at £4,870, and applying it to Northern General Transport Company, the figure is £3,200?—As a matter of arithmetic that is probably so, but I cannot accept it as having any meaning for me until I know about the basis of the figures.

1646. You are suggesting there is some way of calculating working expenses for a private undertaking that differs greatly from the method employed by the London Transport Executive?—No, I am not suggesting that at all. What I am suggesting is that that may be a way of arriving at the result; but having got that answer, before I could draw any conclusions from it, I should need to know a great deal more about it; I should need to know a lot of things.

(Mr. Rippon): Those are the sort of things you are now studying and which the Chambers Committee are now investigating?

(President): Except when a Public Inquiry is being held, of course! I often wonder when I come out of this room on each day whether the buses or the Underground will be running, or whether everyone will be hard at work adding up and multiplying and looking at the 1950 Inquiry and wondering about the next Inquiry. Mr. James, at some intervals of leisure, will devote himself to the Northern Electric Balance Sheet, no doubt.

(Mr. Rippon): He is presumably doing this sort of calculation at the present time for the purposes of the comparative study to which Mr. Valentine referred.

(President): He must keep that calculation for Sundays.

1647. (Mr. Rippon): I do not mind when he does the calculations, as long as they are done by somebody at some time, because, presumably, the difference between those figures and the figures which Mr. Valentine gave bears some relation to the proportion of operating staff per vehicle. Is that one of the factors which may make the London figure so much higher than the figure of the Northern General Transport Company?—I have no doubt at all that there are variations as between one undertaking and another in the proportion of the operating staff to the vehicles, and they will have an effect on costs.

1648. A comparison of those sort of figures is vital, is it not, to an assessment of whether or not London's working expenses are too high?—I do not think it gets very far by itself. If you have a bus which goes out and runs for six hours a day you only need two operating staff per vehicle; they can do the whole job in their turn of duty. If the bus is running 12 hours a day you need more operating staff per vehicle, so you need to know a great deal more than a mere arithmetical division of staff by vehicles.

1649. Those are the sort of things that apply, of course, in other transport undertakings as well as London Transport?—Yes.

1650. Anyway, Mr. James, all those matters (which are of great importance in assessing the working expenses of London Transport) are now under consideration by the Chambers Committee and are now under consideration by you?—The Chambers Committee has a very wide orbit, and I am looking at some of these particular matters we have discussed this morning.

1651. On their behalf?—Not on their behalf; I said I was looking at them.

1655. Secondly, the operating conditions must be precisely the same?—Certainly.

1656. And is it clear to you, Mr. James, that the operating conditions in London do differ very substantially from operating conditions in the provincial centres?—I think that is a matter of common observation.

1657. Your estimate, Mr. James, as I understand it, is the one you put forward for London Transport in the light of the conditions and the requirements of London?—Yes.

1658. In your view, is that estimate (which is based on your domestic budget) a reasonable estimate for your

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[Continued]

working expenses in "Z" year?—Yes, it certainly is a reasonable estimate.

1659. May I deal with only one other matter. You were asked a question by my learned friend, Mr. Geoffrey Lawrence, yesterday in regard to additional coach routes. Do you remember, Mr. James?—Yes.

1660. And he asked you at the end of Question 1429, Page 89—I need not read very much of it—this question: Do you know whether there is any further expansion of these cross-country Green Line routes in prospect? And you answered yesterday "I know that some expansion has been looked at, but as far as I know myself nothing is being done immediately. Again I would like to check that. I am not, after all, the traffic operator." You have taken the opportunity, Mr. James, of looking

(The Witness withdrew.)

(Mr. Harold Willis): Before I call Mr. Winchester, there is one small correction I should like to make in the Third Day in an answer given by Mr. Valentine; and it is better that I should deal with it in this way than by the normal correction service. It is at Page 47, Question 713; he was being asked about the Coronation. "From your point of view, the Coronation was not confined to one day or even one week?—No. (2) It was a matter which affected your receipts for some weeks before it actually took place and for some little time afterwards?" Mr. Valentine tells me he thought the question was not "some weeks," but "one week," and to that he assented, and I think that would represent his views about that matter; not some weeks before, but one week.

(President): In other words, if you had re-examined him yesterday with that point in mind, you would have got him away from that answer in cross-examination?

(Mr. Harold Willis): I understand it was due to the fact of "some" and "one" being confused as a matter of sound. It is not that he has altered his view; he understood the question to be "one" and not "some."

(Mr. Geoffrey Lawrence): I did say, Mr. Willis, "for some little time afterwards." That could not have sounded like "one." Nor am I usually, I hope, even in this room, inarticulate. However, we will leave it, if that is what he says.

(Mr. Harold Willis): "One week before and some little time afterwards."

Mr. WISHART INGRAM WINCHESTER, recalled.

Cross-examined by Mr. GEOFFREY LAWRENCE.

1662. Mr. Winchester, do you expect ever to reach a final method of costing the working expenses of London Lines?—If circumstances do not change I think we would reach a method which we would regard as good as was obtainable.

1663. Let me put it another way. Do you expect ever at these inquiries to put forward a method of costing London Lines which the Objectors will find has not changed like the documents in their hands when they come into this room?—I would hope so.

1664. It has not happened yet, has it?—The reason was explained at some length, I thought, in examination in chief, as to why we have changed on this occasion.

1665. Do you understand this, that each time the Objectors have come to these inquiries basing their budgetary submissions upon a method of costing the working expenses of London Lines which had been put forward with all the authority and assurance of the Committee on the previous occasion, they have found that method has been altered?—I do not accept it was put forward with authority and assurance; it was put forward, I think, on each occasion with a good deal of reserve.

1666. It has been put forward on each occasion by the Commission, has it not, as being the best method at that time available of costing these working expenses and also as being one on the results of which reliance could be placed by the Tribunal.—The answer to the first question, certainly, is yes. The answer to the second question, I think, also is yes.

into that matter and you can give just a little more information about that now, can you not?—Yes. I am afraid I may perhaps have misled Mr. Lawrence yesterday, owing to a confusion of dates in my own mind. There was in fact an allowance in the estimate for "Z" year for the introduction of a new cross-country coach service to come in later in the year, for which we provided 300,000 car miles. The receipts, the corresponding amount of receipts, the assessment of receipts, on the estimate we made balanced one another. There has since been a decision to defer that particular route, so since we prepared these estimates something which we allowed for in there will not take place at this time.

1661. (President): I gather it was a balancing figure?—It was, Sir, it was about £30,000 on both sides of the account.

(President): Mr. Lawrence, would you like to have Mr. Valentine back?

(Mr. Geoffrey Lawrence): No, Sir, I will not further cross-examine. If that is what is now said and that is what he desires should go on the record as to what his evidence is, I have no further observations to make. I thought the point was clear when I was cross-examining, but evidently I was mistaken.

(President): At any rate, what you have called a correction, comes to this, Mr. Valentine now says, and would at the time have said, yes, if the question had been whether the Coronation was a matter which affected the receipts of the London Transport for a week before the actual date?

(Mr. Harold Willis): Yes.

(President): He only intended to say yes, because he thought the word "some" which was uttered by Mr. Lawrence was "one" as it reached him.

(Mr. Geoffrey Lawrence): That is what I understand he says.

(President): He accepts some little time afterwards, that should question and said yes to it; and says he meant to say yes to that part of it, which, I think, is the substantial part of the admission you wanted to get. It is the little time after.

(Mr. Geoffrey Lawrence): Yes, I think, Sir, that is the more important part of it, but I thought the other was of some importance. However, I will leave it now.

1667. I thought so. You realised the vital importance of the working expenses of London Lines in the budgetary position of the London Area as a whole, do you not?—Yes.

1668. If (on a proper costing of those working expenses) there should be a surplus on London Lines, that goes into the pool, so to speak, to see what is required by the London Area as a whole?—Yes.

1669. What has happened in the past is this, is it not, that the Objectors have endeavoured to show that the result on London Lines was a surplus, and the Commission have endeavoured to show that if there was a surplus it was smaller than suggested, and possibly a deficit?—The original submission, of course, was made by the Commission, but whether each time it was a deficit is not within my recollection. The Objectors have endeavoured to show that our views were pessimistic.

1670. If both parties are accepting the position that London Area has to stand on its own feet, to use a figurative expression, meaning that the London fare-paying public as a whole have to pay the cost of their rides, then the amount of the working expenses of London Lines is a vital figure, is it not?—It is a vital figure, yes.

1671. And the higher that figure is in the end the more the London fare-paying public have to pay by way of fares if London is to stand on its own feet?—Yes.

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[Continued]

1672. The fact is that not only over the last three Inquiries has the method of costing these expenses changed, but the total of these expenses relatively has gone up every time with the change of each method?—I accept your statement as regards the comparison of the last occasion and this occasion, but as between the last occasion and the occasion before, I do not think it is correct. That is subject to correction, but my recollection is not the same as yours.

1673. Let me see, in 1950—I beg your pardon. You are going back to the first and second occasions; certainly I accept it as true as between the first and second occasions.

1674. May I just shortly ask you a few questions for accuracy of the record. In 1950 the estimate of the working expenses in "X" year for the purpose of determining the revenue requirements for the London Area was set out on a document called "Statement RHW 3" at Page 26 of Day 1?—Yes.

1675. And the method at that Inquiry was, was it not, that you took the expenses of train operation and maintenance both for steam and electric services, and then there was an allocation to London Lines of a proportion of the other expenses for the Railway Executive as a whole?—Yes.

1676. It was found that the other expenses which included traffic costs, maintenance, renewal of way and structures, general expenses and so forth, bore a relation at 83 per cent. to the expenses of train operation and maintenance of the Railway Executive as a whole?—Yes.

1677. Therefore, applying the percentage of 83 to the expenses of train operation and maintenance for the London Lines, it gave you a figure to add for other expenses?—Yes.

1678. Now I have no doubt, without turning up the evidence, that the results of that method were commended to the Tribunal as being as reliable as anything that could be done?—I expect you are right.

1679. In 1951 (and the reference to the document is BTC 108) we saw a refinement of that method, did we not?—Yes.

1680. We began with the expenses of vehicle movement on steam and electric services and then, for the first time, there were these two additions, one for terminal documentation and so forth, and the other for what had hitherto been called Joint Costs?—Yes.

1681. And again the terminal expenses were ascertained by the ratio which it had been found was operative for British Railways Passenger Services as a whole in that respect?—Yes.

1682. Then for Joint Costs we know there was a figure of 26½ per cent.?—Yes.

1683. Which was of the sum of the two previous figures?—Yes.

1684. That again I have no doubt was mentioned as being the most reliable method, which the Tribunal could adopt?—Yes, if I might just comment on a point you made earlier, on the face of this document the result of that refinement was to produce the percentage addition for terminal and joint expenses. I think that is subject to some qualification of the content of the operation expenses which, in the first Inquiry, was slightly smaller than the content at the second Inquiry. But I do not think it can be suggested that as between these two documents we changed the formula with the effect—

1685. As between RHW 3 and BTC 108?—Yes.

1686. Very well. From BTC 108 to the document we had last year, as amended by Sir Reginald Wilson's evidence, there was certainly an increase, was there not?—There was no change in the formula.

1687. There was no change in the formula but what was done was that BTC 108 was grossed up for the increase of costs in the interval as a suggested first method of reaching the proper result?—Yes.

1688. Which gave the figure of £11.2m.?—Yes.

1689. The second suggestion was that there were certain actuals—I am not sure whether they were actuals or suggestions—with regard to the cost of heating trains, or something of that sort, which had not been taken into account fully.—It was suggested that the increase in cost had not been fully accounted for, and we produced a revised calculation of that.

1690. And that would have led to an addition of £0.4m.?—Yes.

1691. And the third suggestion which was made was that certain actual costings on the Southern Region Electric Services, which were then available, should be taken into account to give a total of £12½m.?—Yes.

(President): £12½m.?

(Mr. Harold Willis): £12m.

1692. (Mr. Geoffrey Lawrence): I am sorry, Sir, I misread my note, £12m. This year, Mr. Winchester, the formula has been abandoned and we have had the elaborate step-by-step calculation which you gave in your evidence?—In fulfilment of our promise to the Tribunal.

1693. Yes, the result being a very definite increase?—The net effect of the various changes is to produce a higher figure. Yes.

1694. With the completion of your review so as to cover the very last item you mentioned, which I think was "other track expenses for other regions than the Southern" and when you have obtained a figure for that, do you think we shall at last have reached something which will make its appearance in similar form in any subsequent Inquiry?—I think it was stated in evidence-in-chief, either my own or Sir Reginald Wilson's, that there were two other matters that still required further investigation; one was the validity of the formula for apportioning the through mileage between London services and outside London; and the other was that of obtaining the estimated costs of steam operation on the services which had not so far been costed. I think, subject to these two points, we are unlikely to pursue any of these particular estimates very much further. But I would not like to guarantee it.

1695. (President): We might make it awkward for you to adhere to that, Mr. Winchester.—Indeed, yes, Sir.

1696. (Mr. Geoffrey Lawrence): So far as the Objectors are concerned, you may readily understand that they look forward to the day when they can make an estimate of London Lines' working expenses on the latest basis recommended by the Commission and not find it changed when they come to the doors of the Inquiry?—Indeed.

(President): Of course, Mr. Lawrence, if they did make an estimate before the Inquiry this time, they were not ordered to divulge it.

(Mr. Geoffrey Lawrence): On this occasion, Sir?

(President): Yes, on this occasion.

(Mr. Geoffrey Lawrence): We did not have BTC 703 until the first day we were here.

(The Witness): You were in fact warned.

(Mr. Harold Willis): In BTC 7.

(Mr. Geoffrey Lawrence): In paragraph 10, you said—

(Mr. Harold Willis): You were warned; you said you did not know there was going to be a change.

(Mr. Geoffrey Lawrence): "Following the Transport Tribunal's request, made during the 1953 Hearing, the composition and working out of these formulae are now being reviewed, and it is anticipated that results of this review will be available for the forthcoming Hearing".

(Mr. Harold Willis): You did not get to the door, Mr. Lawrence, in ignorance of a change.

(Mr. Geoffrey Lawrence): Certainly I did not, Mr. Willis, but we had no idea what the results of the change were going to be until we got here.

(Mr. Harold Willis): That is not what you said.

(Mr. Geoffrey Lawrence): You see, on the 7th May, it was not very long before we came to this Inquiry, we had been given some information upon the topic of London Lines by the Solicitor to the Transport Commission. I hope this letter, Sir, is amongst the bundle that was handed to you.

(President): The 7th May.

(Mr. Geoffrey Lawrence): 7th May, from the Transport Commission to the Solicitors of the London County Council.

(Mr. Harold Willis): I think, Sir, if you are going to be troubled with part of this, it would be convenient that the whole of this additional bundle of documents should be before you. They are all together and if my

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[Continued]

learned friend wishes to refer to any of them, there they are; they are bundled together so that each group of questions is followed through, because many of the subsequent questions were sent before the answers to the previous questions had been received. So it is convenient to have them dealt with in that way. (*Documents handed to the Tribune.*)

(*Adjourned for a short time.*)

(*President:*) We shall sit on Monday at 10 o'clock and rise at 1 o'clock, in the hope that it may increase the possibility of finishing before Whitsuntide.

(*Mr. Harold Willis:*) I am much obliged for that information, Sir. Before my learned friend Mr. Geoffrey Lawrence resumes, it might help the Tribunal if I were to refer to the bundle of documents which has just been handed in. You will see a number on the outside—"1". That covers the set of correspondence relating to a set of questions; as you proceed further through the bundle, you will see a section marked "2". We have collected the correspondence irrespective of date, which relates to the particular questions; otherwise the thing is very difficult to follow.

(*President:*) And later on we see bundles marked "3" and "4"?

(*Mr. Harold Willis:*) Yes, Sir.

(*President:*) I am told there is a bundle marked "5" to come.

(*Mr. Harold Willis:*) That is correct Sir, and then we have already handed in bundle 7.

(*President:*) Yes.

(*Mr. Harold Willis:*) That was the one handed in yesterday or the day before.

(*Mr. Geoffrey Lawrence:*) The letter I was referring to before the adjournment, I am told, is the second letter in your bundle, in group No. 1; it is dated the 7th May, and the passage which I desire to call attention to is the paragraph under Question (2), which begins: "As regards London Lines of British Railways."

(*Mr. Harold Willis:*) I think my learned friend ought just to read the question, but as I understand he has not got it, I will read it. It is Question (2) on the front page of this document: "Tables on the lines of BTC 402 (1953) for (a) London Transport Executive services; (b) London Lines of the Railway Executive; (c) British Railways excluding London Lines." That is an alteration of the position since the last Hearing. If you remember, that is what BTC 402 did last year, and we have supplied that in the answer.

(*Mr. Geoffrey Lawrence:*) Yes. (*To the Witness:*) Let me read the paragraph first of all, if I may: "As regards London Lines of British Railways, I am instructed it is not possible to prepare full estimates pending completion of the review of the figures referred to in paragraph 10 of Statement BTC 7. With a view to assisting your Council so far as is at present possible, however, my clients ask me to inform you that, based on the assumption (supported by the figures at previous Public Inquiries) that about 5 per cent. of the expenses of British Railways are incurred on London Lines, there have been the following increases in wage rates and price levels on London Lines since the 1953 Hearing: Increase in wage rates, £0.7m.; increase in the price level of coal and other materials, £0.5m., totalling £1.2m." Those figures, and the sum of them, £1.2m. are figures that would have been appropriate, would they not, if we were passing from 1953 to 1954 on the same basis on which we passed from, I think it was, "X" year.

(*Mr. Harold Willis:*) It is from "Y" year, as compared with the position expected under the 1952 Scheme—that was BTC 402.

1697. (*Mr. Geoffrey Lawrence (to the Witness):*) In other words, £1.2m. is a figure which would enable us, assuming we were going to adopt the same formula for London Lines, to gross up the "Y" year figure and obtain the "Z" year figure?—Yes, that is so, in respect of these items of change—wage rates and price levels.

1698. I wonder whether you can just help me to see where we would have got to on that basis, so far as London Lines are concerned. The "Y" year figures were these, were they not: Gross receipts, £21.5m.;

Rents and advertising, £0.1m., making a total of gross receipts of £21.6m.?—I will take it from you: that sounds right.

1699. I daresay you will remember that last year there was a prolonged debate upon the matter of the most reliable total of the London Lines working expenses for "Y" year?—Yes.

1700. The Tribunal, in their Memorandum, decided that the total working expenses of London Lines for "Y" year should be estimated at £19.34m.?—Yes.

1701. Adopting that figure for "Y" year—we are still in "Y" year—and deducting £19.3m. from £21.6m., that would give us a surplus of receipts over expenses of £2.3m., would it not?—Yes.

1702. Then deducting from that £2.3m. the figures which it was decided should be London Lines' contribution to Central Charges, namely £2m., that would give a surplus on "Y" year for London Lines on the basis of £0.3m.?—Yes.

1703. Now would you do the same thing for me in answer to my questions with regard to "Z" year, grossing up for increases in costs the working expenses of "Y" year, so that we see where we are. The gross receipts for London Lines in "Z" year estimates are £22m.?—£22.3m. actually.

1704. It is £22m. is it not?—I beg your pardon—yes, certainly.

1705. It is an increase of £0.5m. over the "Y" year estimates; rents and advertising are the same, so that gives us a total for receipts of £22.1m.?—Yes.

1706. If we adopt the Tribunal's decision as to the "Y" year estimate of working expenses of £19.3m. and gross it up by the addition of £1.2m. which comes out of the letter I have just quoted, we get a total "Z" year estimate of working expenses of £22.3m.?—No.

1707. (*The President:*) No, that is not right.—It is £20.5m.

1708. (*Mr. Geoffrey Lawrence:*) I beg your pardon; I was reading the wrong figure—it is £20.5m.? That shows a surplus of receipts over expenditure of £1.6m.?—That is so.

1709. And if one places the contribution to Central Charges at the same figure of £2m., the "Z" year estimates would result, on the basis I am putting forward, in a deficit of £0.4m.?—Yes.

1710. In order to see the parallel calculation, if the figure of working expenses for London Lines which is put forward on document BTC 703 is adopted (which is £22.3m.) and the same contribution to Central Charges is made, then the deficit on London Lines, instead of being £0.4m., has gone up to £2.2m.?—It is £2.2m., yes.

1711. So that for working out the final position in "Z" year on London Lines, clearly much depends, does it not, on whether we adopt the decision which the Tribunal reached last year and adjust it for increased costs, or whether we depart entirely from that and adopt the new basis that you put forward this year?—Yes.

1712. Just to underline—although I do not suppose it is necessary—the point I was making this morning, the difference on the final line of London Lines between those two bases must inevitably have a very material impact upon the budget of the London Area as a whole?—Yes.

1713. And consequently upon the gross amount, or rather net amount, which the Commission say they require from the London fare-paying public?—Yes.

1714. To bridge, or partially bridge, the gap. Now I want your help with regard to some of the details of the latest method of evaluating London Lines working expenses, and you will bear with me, I am sure, if from time to time I go astray due to the extreme elaboration and complication of the present method.—Indeed yes—they are quite complicated.

1715. May I ask you this, first of all, to see whether I have understood it properly: Whether one is proceeding upon your new basis or whether one was proceeding upon the old basis, the first step in the calculation was the estimation of steam and electric mileage?—That is the first item shown on the two documents. The whole thing proceeded as one calculation—the various steps were all taken simultaneously. It is convenient and logical to send out the document in the order which you mention.

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[Continued]

1716. If I may amend my question, the documents in that year, and as you said in your evidence-in-chief this year, we start on steam mileage and then pass to electric mileage?—That is the logical order.

1717. Am I right in thinking that this year the figure for steam mileage was always put forward at 14½ million?—My recollection is that it was put forward as 13½ million on the last occasion.

(Mr. Geoffrey Lawrence): You may be right about that, and I expect I am wrong; but at any rate—

(Mr. Harold Willis): It was 13½ million in "Y" year and 14½ million in 1952.

1718. (Mr. Geoffrey Lawrence): Thank you. (To the Witness): So now, owing to the error which has been thrown up as a result of your investigations, it has been put at the latest figure of 11·4 million?—Yes.

1719. That error certainly goes back, does it not, over the last three Inquiries?—Yes.

1720. And it means, does it not, that in respect of vehicle movement costs (steam services), a sum has been charged against London Lines in the documents in the last three Inquiries which was in excess of what is now ascertained to be the true, or more accurate sum?—Yes.

1721. In fact, by the time one had got to the end of each former calculation on London Lines expenses, that error in the computation of steam mileage had resulted, in that respect, in an over-charge to London Lines of well over £1m.?—Yes.

1722. I dare say you will remember that certainly on one, if not more, of the previous occasions, the Objectors, or one or more of them, had attacked that computation of steam mileage at 13½ million or 14½ million on the basis that it was excessive?—I do not remember any particular concentrated attack on that figure; it was an attack on all figures on all occasions.

1723. Let me see if I can remind you. Do you not remember that one of the grounds of attack was this, that if you took your purported figure of steam mileage, and analysed it in terms of passenger journeys, you found that London Lines were carrying no heavier loadings of passengers than British Railways as a whole, which seemed, on the face of it, to be wrong?—I remember that particular matter being discussed, yes.

1724. You will pardon me, will you not, if in the rather barren desert of this matter I take a little credit for having been right in this particular matter?—I accept, for the moment, that you were right, but it may be that both of us were wrong.

1725. Of course, 11·4 million cannot be right now, I suppose, but it is put forward as being the best you can do?—It is put forward with a little more assurance than that. We have explained, in very much more detail, the trouble we have gone to on this occasion to make sure that we have a reliable figure.

1726. Are we to recognise the degrees of assurance which the Commission put forward in their figures from year to year?—I would say that on each item, regarding these figures, we speak with different degrees of assurance on this occasion than on the previous occasions.

1727. I am told the figure for steam mileage was attacked again, for the second time, in 1951, but on each occasion when it was attacked the Tribunal was assured, by some witness for the Commission, that it was a reliable figure. It now turns out not to be so.—Whether the word "reliable" was used, I do not know, but we certainly thought it was a reliable figure.

1728. Obviously you would not have put it forward unless it was regarded as an acceptable figure?—No. It was certainly relied upon at the time in that light, and I accept that.

1729. To be quite fair, and not to take a false point, I suppose, if you are going to make an over-charge of something well over £1m. against London Lines retrospectively, you must also carry back the results of the present investigation which shows that London Lines were under-charged in respect of a number of other matters?—If you are interested in the retrospective analysis, certainly.

1730. As I say, I do not want to make a false point, but it would appear immediately to strike the eye that we have been over-charged in respect of steam mileage on London Lines?—The estimates for "Z" year have been

over-charged. You do appreciate we never realised the receipts we expected in any year.

1731. I have been associated long enough with these Inquiries to understand that. Having got your estimate of steam mileage, the next question was to cost it.—Not the next question; the questions proceeded simultaneously, and they are put out in a logical order in this document, as in previous documents.

(Mr. Geoffrey Lawrence): If I understand it correctly, you were able to find a cost of two items of actual mileage, one on the Liverpool Street to Chingford Line, and the other on the London, Tilbury and Southend Line.

1732. (President): If you are passing from the mileage point by itself, am I right, Mr. Winchester, in my recollection that of the steam mileage, out of the 11·4 million, which is the figure in BTC 703 1·8 million is the figure ascertained by the application of the formula for the through trains, or the outside area trains.—I think that is the right figure, if I may just check it.

1733. I am told it is Question 248 at page 17 of the Second Day's proceedings.—1·8 million, yes.

1734. That is the formula for mileage, and the other is what we call here the actual?—Yes.

1735. (Mr. Geoffrey Lawrence) (to the Witness): Looking at the Chingford and Southend units, you were able to get a figure of 1·4 million?—That is so.

1736. Provided the arithmetic is done correctly, that may be regarded I suppose as a pretty firm figure?—It is a reasonably firm figure; there are allocations which must be, to some extent, a matter of opinion even in that figure, but the proportion of them is quite small.

1737. The next one which you told us about was the calculation or computation of the cost of the mileage on the Great Northern inner and outer lines?—The outer suburban lines.

1738. Am I right in thinking that that part of the calculation involves considerably more apportionment than the first part?—Yes.

1739. And whenever I use the word "apportionment" or "allocation", or something of that sort, should I be right in thinking that that necessarily involves a matter of opinion and the exercise of judgment?—Yes, the extent to which the judgment can be fallible varies from case to case; there is not a great deal of room for argument on the allocations necessary in ascertaining the movement costs.

1740. I only want to see, in the course of the analysis of this matter so that we understand it, at what stages and in which sections of it we shall have ultimately to rely upon the exercise of judgment and opinion as distinct from the arithmetical calculation of actual figures.—Yes.

1741. The next section is the costing of the steam mileage; but before I pass to the next section, I am right in thinking, am I not, that the apportionment of this Great Northern section was the result of one test week?—The test week was an important element in it; I do not know which items of expense were done on a test week, but the test week was an important element.

(President): A particular instance was the wages of enginemmen.

1742. (Mr. Geoffrey Lawrence): Yes. (To the Witness): At question 266 you said this: "In these cases, we have sheds which provide these services and which also provide a good deal of other services, both passenger and freight. In these cases we had to do a fair amount of apportionment of all the types of expense. For example, the wages of the enginemmen working from these sheds which provided these services were apportioned between these services and the other work on which they were engaged, *pro rata*, or rather on the basis of a test week. In other words, we analysed all the enginemmen's duties for a test week and found a certain portion of their duties was employed on this kind of working and then, having regard to the mileage in that week, one was able to work up a reasonable charge for enginemmen for these services, and so on through the whole scale of different types of expense." It would not be unfair to add to that answer, would it, that one was able to work out, as a consequence of the results for this test week, a calculation which was now

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put on an annual basis?—The ascertained costs per mile in the test week were applied to the year; it was not applied just by multiplying by 52. It was a cost per mile for this test week for drivers' wages.

1743. I follow that. You mean you get, as a result of analysing these wages in the test week, a cost per mile?—Yes.

1744. And then you used that as a multiplier?—I think that is the answer; I am afraid I have not all these particulars at my finger-tips, but if you like, I will verify this particular one.

1745. Yes, if you can.—We used the test week in order to arrive at the cost per train mile, and that cost per train mile was applied to the total miles run in these services in the year.

1746. That is another way of saying that the results of this test week, in the end, were translated into an annual figure of cost for these services?—Yes.

1747. Do you know the date of this test week?—I will find out; it was selected because of its representative character. It was the week ending on the 28th February, 1953.

1748. I must ask you this because it will again apply when we come to a section of your evidence in regard to the Southern Region: Was only one week then taken as the basis for this ultimate translation into an annual figure, or was that week checked by some check week, or something of that sort?—The week was not taken for the purposes of translation; it was taken to estimate the cost per train mile. The translation was made on the basis of the whole year.

1749. But surely the ultimate object of this whole exercise, in all its manifold details, was to produce a document like BTC 703, for the purposes of this Inquiry—or so Sir Reginald Wilson tells me.—Yes.

1750. And that document, and all its similar counterparts, has always been given in annual figures of cost, has it not?—Yes.

1751. I do not know, but as a mere layman it occurs to me that an engineman's duties in one week, or the proportion of an engineman's duties in one week, as between the various components into which we are analysing them for this purpose, might be an insufficient basis to say that he was doing this kind of work in that same proportion in every other week in the year?—That is not a necessary pre-condition of the basis being a reasonable one. We say that these particular workings from these particular sheds have not any great variation from one part of the year to the other. We are mainly concerned with suburban services and regular services, and we believe that the calculation made on this one week, which we regard as representative, is a fair indication of the annual cost per train mile.

1752. At any rate, in that method which involves the application of a multiplier to an isolated figure of cost per train mile, it is inherent, is it not, that if there is any initial error, even of the slightest degree, it is aggravated in the final calculation?—Certainly.

1753. That is inherent in it?—Yes.

1754. (President): But that is true, whichever way the error goes, Mr. Winchester?—Yes, Sir.

(Mr. Geoffrey Lawrence): Of course; I am taking the results against me as well as for me, just as the over-charge of the steam mileage, I should say, could be treated as offset by under-charges.

(President): I do not think you will find it difficult to convince us, Mr. Lawrence, without getting any admissions from Mr. Winchester, that all these figures are dependent in a greater or less degree on an individual, or on an individual's judgment.

(Mr. Geoffrey Lawrence): I am very much obliged to you for that, Sir, because that, as you have been kind enough to address that observation to me, has appeared to me to be the only basis—and it is a very broad one—upon which I can possibly investigate this new calculation. I cannot, of course, go behind the scenes and see the way in which this judgment or opinion was exercised; to adopt Mr. Valentine's words yesterday, unless someone from our side were to spend some days in the offices of the Commission to see how it was done, it is

quite impossible to deal with it. I am very much obliged to you, Sir, for that observation; it will shorten my task very considerably.

(President): Of course, if some method which does not involve the exercise of judgment is to be presented for our consideration, the fact that this method does involve the application of an error of judgment is of great importance, but if any method not involving the exercise of judgment is to be proposed, then the conclusion would appear to be: Are we to reject any calculation because it necessarily involves an element of judgment, and if we are not, how are we to proceed?

(Mr. Geoffrey Lawrence): For my part, and for the part of my clients, I should be content to stand upon the basis that was adopted and decided last year after so much debate—debate which was really a resumption of previous debates upon this matter—and to make my submission to you upon that.

(President): Of course, one has to allow for the increase in the total working expenses of British Railways since that date; we were then talking about a working expenses total on British Railways as a whole of about £388m.

(Mr. Geoffrey Lawrence): Yes, Sir; I think that is the figure.

(President): And now we are talking of taking something out of working expenses, British Railways, which is £429m.

(Mr. Geoffrey Lawrence): Yes; that figure is a result of a change of policy, as I understand from Sir Reginald Wilson, with regard to depreciation and maintenance.

(President): At some stage we shall have to make a decision in our own minds as to what the proper total comparable working expenses is. Is it going to be suggested to us that there is some simple way of saying that of that added working expense, this or that portion should be added to the figure which we arrived at in our Memorandum?

(Mr. Geoffrey Lawrence): I should be quite content to do that rather than as an alternative the acceptance by the Tribunal this year, with all that it implies hereafter, of this method of costing London Lines, and these results. It is quite plain that the estimate of the London lines working expenses is the one part of the field of enquiry where there is great flexibility and uncertainty, and I am free to confess, perhaps, that it does not help the Tribunal very much when the two opposing sides are stretching it, owing to that flexibility, in opposite directions in order to meet the demands of the respective cases which they want to present on one side or the other; but on my side I had hoped that last year, with your decision, we had reached, if not finality, at any rate a basis which would have endured longer than 12 months. In a way perhaps you invited a re-assessment of this matter, but I shall be making my submission later on. I do not want to make a speech now, and I shall be making the submission that even though the old method involved, of course, at many stages the exercise of judgment, the percentages which had gone through the fire of so many inquiries and so much debate probably were at least as reliable as, if not more reliable than, this elaborate and complicated method which has been put forward this year.

(President): Yes; of course, the real disadvantage of the old method is the disadvantage which you have pointed out; it occurs in this particular vehicle movement calculation, and it is that an error in the first figure of vehicle movement was multiplied, I think to a very great extent first of all, by this additional 33½ per cent., plus another 25 per cent. My recollection is that an error of 10 per cent. in the vehicle movement figure, when we added 33½ per cent. and when we added 25 per cent. on top of that, became something like 17 at the end. If it be possible to examine each of these elements separately—vehicle movement, terminal and what used to be called joint, you do find that multiplication of errors in each head.

(Mr. Geoffrey Lawrence): You avoid it over all, but you still have it present in certain sectors.

(President): Yes, you do, but if you make an error in section 1, you do not multiply it in sections 2 and 3.

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(Mr. Geoffrey Lawrence): No; it is limited to that section. To exemplify that, we are talking at the moment about the Great Northern lines.

(President): We were, when I tried to divert you to a more equitable Region. I do not think, however, that you will have any difficulty in convincing any of us that that calculation—and indeed most of the others—does rest in greater or less degree on the exercise of a judgment.

(Mr. Geoffrey Lawrence): If you please, Sir.

(President): And the difference between these two samples is on the Chingford and London, Tilbury & Southend Line; it seems to rest to a very small extent on an exercise of judgment, whereas the Great Northern inner and outer suburban services rest on a larger exercise of individual judgment, and the third thing you are about to come to rests on a still larger exercise of judgment.

1755. (Mr. Geoffrey Lawrence): Yes—that is the Regions other than the Southern. (To the Witness): That was done, if I have understood it correctly, by a series of adjustments in order to reach a fair cost per mile or the mileage for the groups about which we have already been talking?—That is so.

1756. Of course, the mere statement of the task in those words, that it involves the introduction of the word "adjustment" and the word "fair" indicates the kind of exercise which was performed, does it not?—Yes.

1757. And in this sector the effect of any initial error by multiplication would be greater than in the sectors which we have already been discussing, would it not?—The possibility of error in these sectors is certainly greater, but I do not see how multiplication comes into it. Certainly there was more room for error in these cases than in the other cases.

1758. First of all you are getting cost per mile, and having got that, are you not multiplying the applicable figure of mileage by that cost per mile?—Yes, in each case.

1759. The figure of mileage is an actual figure?—Subject to the question of the formula of the through mileage.

1760. It is subject to the 20 per cent., plus 3½ per cent., plus 25 per cent.—Yes.

1761. But when I pass to the Southern section, where we have the Tunbridge Wells shed as the standard of measurement, there again you have evaluated a cost per mile which worked out at 8s. 7d., and you have applied it to the whole of the 1,600 million mileage on the Southern Region?—Yes.

1762. That gives you your answer of 0·7 million?—Yes.

1763. (President): The shed there simply representing, I think you told us, 42 per cent., or something like that, of all Southern local traffic?—Yes; it is a rather smaller proportion of the 1·6 million. I think I have elaborated that in this document.

1764. (Mr. Geoffrey Lawrence): Yes; the Tunbridge Wells shed is less than half the whole Southern Region, is it not?—Indeed, yes.

1765. I wonder whether, before I get away from steam mileage, you can tell me this. The mileage for the Chingford line, plus the Southend line, plus the two Gt. Northern lines, in total is 7·1 million, is it not—we have been given that figure?—That is the total Eastern Region. The 7·1 million is the total mileage for the Eastern Region, and it includes those four you have mentioned, plus the services of the Eastern Region which we have not costed, plus the through mileage.

1766. Then I am mistaken. Can you tell me the mileage for the four—the Chingford and Southend lines and the two Gt. Northern lines?—Yes. Southend is 2,424,000; Chingford is 1,096,000; Gt. Northern inner suburban is 925,000; Gt. Northern outer suburban is 365,000; other local services are 1,662,000, and the London proportion of through services is 618,000, all of which should add up to 7,090,000, which we call 7·1 million.

1767. Before I leave the question of the steam mileage altogether, is this right or not: You have on the one side the actuals—the factual figures—relating to Chingford and Southend?—Yes.

1768. For the rest it is the result of the exercise of judgment and apportionment, and so forth?—Yes. I would not even claim that Chingford and Southend were actual.

1769. Not wholly, but the part of it that does result from an exercise of judgment, I think you told me, was so small as to be almost negligible?—It is certainly quite small.

1770. Is this right, that the cost per mile for the actual two sectors of Chingford and Southend is less than the cost per mile in those sectors where apportionment and so forth is applied to each part?—Yes.

1771. I am right about that?—Yes.

1772. You see at once, of course, the point which I might seek to make on that, namely: Is it a significance that is capable of explanation?—Most certainly, yes. The character of those services is such that we would expect a low cost per mile; they are regular shuttle services backwards and forwards; they are largely self-contained—and I have been given some other reasons, but I do not remember them.

(President): If you give many more, you will have Southend asking to play a larger part in this Inquiry. However, we must take that risk.

(The Witness): The nature of the services is such that you can get more work out of your coaches and more work out of your men. The cost of this kind of thing depends upon how effectively you can fit the men and the locomotives into the services which you have to run, and it is a fact, as experience shows, that these are easier ones to arrange.

1773. (Mr. Geoffrey Lawrence): How about the Southern Region, for instance? Is not the same sort of thing applicable there, or would you not accept that?—It is very near to the other two. It is the other one that is nearest—that is very little above the Southend and Chingford services in cost per mile.

1774. (President): You say that the Southern is 8·7?—No, Sir—8s. 7d.

1775. (Mr. Geoffrey Lawrence): What is the figure for the Chingford and Southend?—Southend is 8s. 5d.; Chingford is 8s. 4d.

1776. Where do we go above 8s. 7d. for the Gt. Northern and the other Regions?—Gt. Northern Inner, 9s. 5d., and Gt. Northern Outer Suburban is 9s. 4d.

1777. And the other Eastern Region, London, Midland and Western?—We have picked out several small groups, but in total the other Eastern Region local services are taken at 8s. 11d., and the through services at 9s. 3d. for the remainder of the local, and 9s. 1d. for the Eastern Region through.

1778. I think there are only two more to complete that—Midland and Western?—Yes. Midland is taken at 9s. 4d., and Western at the same figure for the steam, but there is a small element of Diesel work in the Western Region, which brings the average down to 8s. 11d. I think the Diesel work was so small that we did not mention it separately. 8s. 11d. is the Western average.

1779. The next topic is the vehicle movement cost of the electric services. The first matter about which you spoke there was the cost of train services provided by the London Transport Executive for British Railways?—Yes.

1780. Which you put at £0·6m., to which you added the cost of providing electricity for the running of those trains, at £0·4m.?—Yes.

1781. With regard to the £0·6m., I think I am right in remembering that you said the exact quantification of that figure did not very much matter, because there was a contra entry which cancelled it out?—Yes, that is so.

1782. Does not that also apply to the cost of providing the electricity?—No. These trains, for example, are running over the line to Upminster, and the electricity for that line is bought by the Eastern Region from the Electricity Board.

1783. The Eastern Region of London Transport?—No; London Transport is nowhere interested in the cost of electricity supplied to the Eastern Region between Upminster and—

1784. But these trains run over London Transport lines?—Yes, and on this side of Campbell Junction they use electricity supplied by London Transport, which does not come into this charge; the charge applies to the line east of Campbell Junction, which is on the Eastern Region line.

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1785. I do not want to be stupid, but I should have thought that if London Transport was providing train services over British Railways lines and was charging British Railways for what it did, in its charge would be the cost of providing the current for those services?—I fail to see that. The current is current supplied by the Eastern Region—the London Transport trains merely pick up the current on their shoes as they go along.

1786. So that it is British Railways that pay in the first place; they pay the British Electricity Authority for that current, and not London Transport?—No, not London Transport.

1787. I am afraid I had assumed that it was the other way round, and we could not understand why the £0.4m. was not dealt with in the same way as the £0.6m.: do you follow that?—Yes.

1788. While I am on vehicle movement costs for electric services, I would like your help on some comparative figures of costs. We have been supplied by the Commission with the totals of car miles for each of these Regions, the Eastern, the London Midland and the Southern, and where London Transport trains run over British Railways lines.—Yes.

1789. We find on working the matter out that the cost of electric current per car mile is virtually the same in the case of each one of these Regions; in fact it works out at 3½d. per car mile?—That sounds about right.

1790. But with no substantial, or significant, variation, whether it be on the Eastern Region, London Midland, or the Southern?—No.

1791. There is a variation which is immaterial for my present purposes—and I expect for yours—in the case of London Transport trains running over British Railways lines; there the cost is higher—it is 5d.—but I am not pursuing that. What I want to follow up with you, on the question of this static cost of electric current per mile, is this: Have you a copy of the last available accounts of the Commission for 1954, Table X-9? I think, unless I am misinstructed, that that will show you the table of units consumed per car mile during that year; it is at page 361.—Yes, I have it.

1792. Do you see on that page that under the heading "Electricity", the units per car mile in the London Midland Region is shown as 3.42?—Yes.

1793. And on the next page, in the Western Region, the units per car mile are shown as 3.0; in the Southern it is shown as 2.5 units per car mile, and in the Eastern Region it is 3.0. Before I follow this up, do those figures in the accounts of units per car mile take into account any units consumed on any of those Regions other than in the London Area?—On the Southern, certainly, and, I am told, on the London Midland Region also.

1794. The Manchester-Sheffield run is included, is it?—Yes, and I am told that there are several in the London Midland Region.

1795. I think the Sheffield one would not be included: that is freight only.—Yes, that is Eastern; I have that wrong. But there are London Midland lines outside London; I am told that Liverpool and Southport is again an example, but how important they are, I do not know; I have not the figures.

1796. We do not know, but I wanted to make it clear that there was that element of uncertainty in it. All I wanted to know was whether you could give me any information which reconciles the stabilised cost of electric current per car mile over all the Southend area with these quite substantial differences in units per car mile, as shown in the accounts?—I do not think I can attempt that at the moment. I have no doubt that it is possible, but it is not the kind of matter that I can deal with.

1797. You see the point, and the relevance of it as I understand it is that this static cost at 3½d. per car mile of electric current is an arithmetical result of figures which you gave in your evidence relating to the costing of London Lines, the working expenses of London Lines?—Yes.

1798. Not having the opportunity in my short life of sitting in your office for days or weeks to understand how you have done it, I have tried to test it in some other way, and testing it against the background of units per car mile in the accounts, it looked as if that steady picture of 3½d. over each one of the regions might be wrong,

you see.—I do appreciate that, yes. The cost per unit, of course, would not be standard, I should imagine, but it looks a little odd.

1799. The cost per unit can vary only fractionally, can it not? It would not account for these differences?—Quite frankly I do not know. I will reconcile these two figures for you if it is of any help to you, but I would only waste your time trying to give you an answer now.

1800. I appreciate that; I do not want you to guess at it. The explanation, of course, may be that some of your calculations are inaccurate and the accounts are right.—I will endeavour to give it to you.

1801. While we are on that kind of approach to the matter, may I just tell you this, and ask your comment about it? On the basis of the figures given in your evidence, the figures which lie at the back of BTC 703, we have also worked out the cost of wages per car miles, just as we worked out the cost of electric current.—Yes.

1802. And we find some differences there. In the Eastern Region the figure has been worked out at 1.43d. per car mile.—Yes.

1803. In the London Midland Region it is 2.43d. per car mile.—Yes.

1804. You would not, or would you, expect a difference in the wage cost per car mile as between the Eastern and London Midland Region?—Fortunately I have looked at that one and know the answer to it.

1805. Is it not fortunate, then, that I have asked you?—The reason, Mr. Lawrence, is that the average length of trains in the Eastern Region is much longer than the average length of trains in the London Midland Region. It is the train mile that governs the cost of the driver and conductor. I do not say that exactly answers the question, but it does substantially. The average length in the Eastern Region is about nine cars a train and in the London Midland it is about six cars a train.

1806. You have a total number of car miles to divide into your wages and, therefore, the answer is smaller?—Yes.

1807. Would that also apply to a similar difference in other expenses per car mile? On the Eastern we find it is 4.66d. and on the London Midland 6.52d.—Very largely. I think it is fair to say that most costs, other than electric current, would vary on a train mile rather than a car mile basis.

1808. Yes, the longer the train, the less the cost.—Not wholly; the maintenance is not the same. I would not expect to find the difference in any other expenses so pronounced as that which you have mentioned, on the wages.

1809. Well, those were the figures that were given to me: 4.66d. Eastern and 6.52d. London Midland. The total of those three heads of expense—that is to say, electric current, wages and other expenses—for the Eastern is 9.63d. per car mile and for the London Midland it is 12.54d. per car mile.—Another reason, although I do not think I can quantify it exactly, is that I think the Eastern Region service will be speedier. There will be fewer stops per mile of service than on the London Midland.

1810. In examining the results of your car mile figures, these variations were thrown up which seem to indicate —There are very wide differences in the character of all the services; it is difficult to examine them. It is similar to the one we had earlier about London and outside London bus costs.

1811. I want to pass now to the next heading, terminal and documentation expenses and so on, for the purpose of isolating the point that lies between us here. The station staff costs have been got out by examining the position, each individually of some 599 stations, of wages and salaries at each of those stations. First of all they were divided between freight and parcels on the one hand and passengers on the other?—Yes.

1812. That has been done by looking at the work of each individual employee and finding how much time he has spent on those activities?—Yes.

1813. That of course is open to the same comment as I made in relation to other similar exercises, is it not?—Yes it is open to comment; it is a matter of judgment.

1814. Then the passenger costs were divided into three categories to enable you to find the portion of them which is properly attributable to London Lines.—Yes.

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1815. Ticket issuing staff, ticket collecting staff, and passenger handling. With regard to ticket issuing staff, the way you have dealt with it is that you have divided the wages *pro rata* to the number of tickets issued for the two different types of passenger at which we are looking?—Yes.

1816. That, if it is the proper way to do it, must be done, must it not, under the assumption that it costs as much to issue a suburban ticket as it costs to issue a non-suburban or main line ticket?—Yes.

1817. This is dangerously like reviving the embers of an old controversy, but is it still the view of the Commission that it does cost as much per ticket to issue suburban tickets one after another to a queue of people presenting themselves in rapid succession as to issue main line tickets to different passengers accompanied by inquiries as to times of trains and all the rest that goes with main line travel? You see what I am trying to describe to you.—Let me first remind you that as regards certain terminal stations of the main line termini we did have separate ticket issuing costs for suburban and main line passengers.

1818. Because you had separate booking offices?—Separate booking offices, yes. But I agree as regards other main line termini and suburban stations, that is implicit in the calculation.

1819. So it really depends on the acceptability of that calculation whether one can accept the proposition that it really costs as much to issue, as I said, suburban tickets as it does to issue the odd main line ticket on a per ticket basis.—Clearly there will be main line tickets which will take longer to issue than suburban tickets, and equally there will be suburban that will be easier than through tickets. It depends on the demand to some extent on the particular types of ticket. Also, in your suburban figure you have the season tickets, which perhaps take a little longer.

1820. They are only issued once, are they not?—Yes. But they come into the statistic nevertheless.

1821. And at suburban stations with suburban tickets, it is a fact is it not that you get this queue of people asking, not all for the same, but all for tickets within a very small range of difference issued one after the other.—Not necessarily. I agree a large number are asking for tickets within a fairly small range, but even with suburban tickets you get a demand for a ticket to a small station of the 599 stations which is not available and for which the ticket would have to be written out.

1822. But by and large, the ticket issuing staff becomes much more familiar with the issue of suburban tickets and can therefore do it much more rapidly and expeditiously than main line tickets can be issued?—Possibly. I would not have thought there was a great deal of difference.

(President): That may mean only that they can do their work more easily but not that there will have to be fewer people employed or that they can work fewer hours. In any event, are you going to suggest to Mr. Winchester a better method of arriving at it?

(Mr. Geoffrey Lawrence): What I shall suggest is that the basis of the cost per ticket is fallacious because it does not allow for the weighting that should be allowed on the basis of what I should have thought one would have recognised as the facts, that if you have a queue of people for suburban tickets in the course of a given period of time, say fifteen minutes, you have issued a great many more of those tickets consequently at less cost in staff wages than if you had desultory main line passengers each coming up to the booking office with different enquiries for different destinations. It is, as I say, an old controversy. You will no doubt recognise it.

(President): Trying to split up wages, I can understand that at a given suburban station there will probably be an awful rush between 8.30 and 10 o'clock, and a slack period before the ladies arrive to go up to the early cinema.

(Mr. Geoffrey Lawrence): This is allocation of the wages as between ticket and ticket, not by a man's time; it is ticket by ticket, and the result of treating the costs of issuing a suburban ticket the same as issuing the cost of a main line ticket, as I shall submit, is to weight the costs of the suburban issue unfavourably.

(President): Are you going to suggest some other precise method, because we have a figure here, have we not? We must here, as everywhere else, abandon the task of arriving at the figure, or we must have some formula of weighting to work on. Has someone some other better method?

(Mr. Geoffrey Lawrence): I can only say I wish I had. My criticism is destructive and not constructive, but if it is destructive, one would be forced back to what I was saying now, the old debated and, I hope, finally established method of percentages.

(The Witness): It may be helpful, Mr. Lawrence, to say that of the tickets issued at suburban stations in 1953, 150 million were to local passengers and 10 million were to non-London passengers; so even if there is substance in your point, it cannot affect your figures to any material extent.

1823. That is on the matter of ticket issuing. Let me now pass to the next item of ticket collection. Ticket collection includes, I suppose, the ticket inspectors on the trains?—Yes.

1824. I will ask you the same kind of question there. That apportionment is based on the assumption, is it not, that it costs as much to examine and to deal with a suburban passenger and passenger tickets, and all that is necessary in that connection, as with the main line passenger?—Is the question addressed to the travelling ticket inspectors?

1825. No, the whole thing.—Of which the travelling ticket inspection is a tiny proportion.

1826. A tiny proportion. Let us forget about that.—Yes, it is. As regards the suburban stations and some of the termini, it makes that assumption; for the other termini we know the facts.

1827. There again I could pursue the same line of debate with you as on ticket issuing, but I will not do it. Passenger handling is the next item. That includes, I suppose, portage, does it not?—It includes porters, yes.

1828. And that was worked out on what you yourself said was a complicated formula?—I have been corrected; it includes porters who are actually in attendance on the train, not the porters hanging about the front of the train or waiting for people's bags.

1829. It does depend on the application of what you yourself called a complicated formula?—Yes.

1830. And it includes the porters standing on the station platforms.—Yes.

1831. To deal with the trains.—Yes.

1832. There again, what I am suggesting, and I regret I have no alternative way of doing it, is that that item of portage cannot possibly be as heavy on suburban lines as on main lines, can it?—There again, perhaps we might split it between termini and other stations. Is your point addressed to both suburban and terminal stations?

1833. Let us take them both and let us deal with non-terminal stations first of all.—Then I do not think I could agree there is any difference between handling a train carrying through passengers than handling a local train.

1834. Suburban passengers are not commonly accompanied by luggage, are they, for which they require the services of a porter?—Not those on the regular daily journeys, I agree.

1835. Then when we come to terminal stations, what is the position?—There again we have in a large number of cases the split. The point I am endeavouring to make is that at the suburban stations the number of through passengers is fairly small. The porter will only be dealing with the baggage once he has discharged his primary duty of getting the train in and out. I would not have thought that it was reasonable to charge the time that he could spare from his final duties to carry a bag; I would not have thought it was necessarily relevant.

1836. I have one final point to put to you on the matter of station staff costs. You remember there was some debate, I think two years ago, on the question of a credit for the carriage of parcels?—Yes.

1837. It was a matter that was just raised again last year.—Yes.

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[Continued]

1838. It was a topic of some difficulty, but one of the difficulties was that nobody could say exactly what the figure was which should be credited, if any figure was to be credited at all.—Yes.

1839. We suggested, you remember, a figure of £0.3m. as being the lowest reasonably possible estimate of the value of that traffic.—Yes.

(Mr. Geoffrey Lawrence): Am I right in thinking that it was conceded by the Commission either last year or the year before—

(Mr. Poole): The year before that, I think.

(Mr. Geoffrey Lawrence): Was it the year before that?

(Mr. Poole): Yes.

1840. (Mr. Geoffrey Lawrence): —that there might be something in that point, but nobody knew how much?—That is so.

1841. In all the hundreds, if not thousands, of man hours that have been devoted to working out the results that you put before the Tribunal now, did anybody spend even half an hour in trying to find out what that credit should be?—As far as terminal costs are concerned, which we are now talking about, surely the formula quite clearly excludes the parcels porters. I have said so. The parcels handling is one of the excluded items. We have apportioned something to that.

1842. Where do I find anywhere this year any credit for this parcels item?—In the explanation of the allocated station staff costs; I have said that some part of the costs were allocated to passengers and some to parcels and to freight.

1843. Then something has been credited this year in contradistinction to anything that has been done in the past; is that right?—I am trying to charge my memory with what the explanation was in the past. I am afraid I cannot remember.

1844. The explanation was, Mr. Winchester, as I say, that the Objectors might have got hold of a good point or it might be a negligible quantity or something of that sort; it was disregarded. I only wanted to know whether in all the many man-hours of investigation, anyone spent any time on trying to quantify this item this year?—No, I am afraid not. We have allocated as between passengers on the one hand and parcels and freight on the other. The parcels figure is lost in the much larger—

(Mr. Geoffrey Lawrence): Parcels and freight are completely gone out of the picture.

(Mr. Harold Willis): We are dealing with it in a different way. Last time it was sought to have the receipts added to by parcels, because of expense involved in carrying them. We have sought to eliminate the cost involved in carrying them, therefore the question no longer arises.

(Mr. Geoffrey Lawrence): I venture to take a different view, Mr. Willis, and I am asking the questions of the Witness; but anyway, you may be right.

1845. (President): At any rate, according to Mr. Winchester, Table 703 does not include, and is not intended to include, any working expenses which can be allocated to the parcels traffic.—I think perhaps in fairness I ought to say, Sir, that the tiny element which was there before for the actual transport of the parcel in the guard's van of the passenger train is still there. What is clearly eliminated is the much more important cost of handling the parcel. There still will be at any rate slightly more than the notional conveyance benefit.

1846. (Mr. Geoffrey Lawrence): So we are really where we were before?—Except, I think, you had some point that we had by the formula—there was an argument, at least; it was debatable—of adding 20 or 30 per cent. to the terminals we were or were not adding something for parcels. We have abandoned that formula and eliminated the parcels; that particular argument is irrelevant.

1847. (President): We may hear it all the same. It is not until all this is over that one discovers what is relevant.—Irrelevant to my mind, Sir.

1848. That is what you meant.—Yes.

1849. (Mr. Geoffrey Lawrence): In seeking to protect the financial position of London Lines, Mr. Winchester, I am anxious to see you do not do one of two things, eating away its receipts or increasing its working expenses.—Yes.

1850. We lost £½ million yesterday on some items, on warrants, if you remember?—I do remember, yes.

1851. I did not want to lose any parcels credit to which I might be entitled. Let me deal with the track and signal expenses very broadly. This is what we used to call Joint Costs?—Track, signalling and general administration were joint costs.

1852. The old method of dealing with these was to take 25 per cent. or 26½ per cent. of the sum total of the other two items?—Yes, that is so.

1853. We have calculated in percentages the result of the total figure that you put forward now for track expenses in relation to this sum of vehicle movement and terminal as now put forward.—Yes.

1854. And we find these results: On the Southern Region, taking that by itself, track and signal expenses instead of being taken at 25 per cent. are now 42 per cent.—That is so. That was given in Sir Reginald's evidence.

1855. And we find that the overall figure of percentage of the track costs to the sum of the other two is now not 25 but 34?—I will accept that, yes.

1856. It is not wrong to say, is it, that on the Southern Region that jump from 25 per cent. to 42 per cent. is the result of this sampling and testing and multiplying process that you have gone through this year?—I take that, yes.

1857. It equally follows, does it not, if the 42 per cent. is now right and acceptable, the 25 per cent. is very wrong?—Yes. I think we said in connection with 25 per cent. that we were satisfied the answer would not be less than that. It was a *faute de mieux* figure.

1858. 25 per cent. is a figure which again is not picked out of the air; it is a figure which comes from the experience of British Railways as a whole, is it not?—That is so.

1859. So that one is brought, is one not, to consider a number of alternatives. Look at the first one, if 34 per cent. in the London Area, London Lines, is right, am I to suppose that the track costs of British Railways as a whole have gone up proportionately?—No.

1860. Then does it mean that the London passenger, the passenger on London Lines, is intended to make a relatively greater contribution to track costs than the main line passenger?—No.

1861. That is what he will be doing, will he not?—His own track costs. The track costs in London have been found to be higher, and he is now being asked to pay for that fact, whereas previously it was assumed that the track costs were the same inside and outside London. That was the assumption, the fallacy, underlying the previous assessment.

1862. So from now on we are to accept the factual position that the track costs in London are greater than track costs outside?—Track costs as a percentage addition to movement and terminal. The other main reason is that the movement costs, being movement costs on electric services, are well below elsewhere; the same absolute addition therefore would be a much higher percentage addition.

1863. It is one of the results, is it not, of this computation and calculation you have done this year, that it has thrown completely overboard what for year after year has been assumed to be the fact that track costs in London have borne the same relation to vehicle expenses as the system as a whole?—It was assumed that they were not less than outside London, and as we could not prove anything better we accepted the average.

1864. That produces this remarkable result in fact, does it not, that if you have a train that leaves Euston station and goes, shall we say, to Rugby, and stops at Watford, and one man in one compartment has booked from Euston to Rugby, and the other man from Euston to Watford, the gentleman who is only going to Watford is paying a much greater contribution to the track costs of his journey than the man who is going to Rugby?—In the first place your example is a bad one because we have not altered

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[Continued]

the percentage to Rugby; but accepting the principle of your question, I do not think it follows. We are here assessing the contribution to be made by the London passenger. We are not assessing the contribution to be made by any other passenger. The passengers all over the country, according to the density of movement over the particular piece of track they have used, will be making different contributions. I do not know what the contribution the gentleman going from Euston to Rugby is making at all. I have not attempted to assess it.

1865. I suggest what he is making to track costs is nothing at all. He is merely paying his specific costs of his own movement, and the terminal. There is nothing for track costs at all. But that is another matter.—I do not accept that statement, but I do not regard it as relevant, so I will not pursue it.

1866. I asked Sir Reginald about that on the first day of the Inquiry, and I hope to have the opportunity of asking further questions about it later on, so I will not trouble you with it. Let us assume for our purposes that the main line passenger does make a contribution to track costs on British Railways?—Yes.

1867. If he is making his proper contribution as at present estimated by the Commission, he is paying on this 25 per cent. basis, is he not?—I do not accept that is necessarily his proper contribution, and I think in fact the probability is that he is paying a good deal more.

1868. At any rate, the passenger in London will be paying his 34 per cent. now, will he not, if your figure is right?—I do not have much regard for this figure of 34 per cent. which is an average of one region and a temporary contribution of the old percentage of other regions.

1869. You say you do not pay any attention to it; it is your final result produced this year, translated into a percentage?—That is the fact, I agree.

1870. Are you meaning that if there was a simpler investigation pursued over the whole system, British Railways as a whole, we should find that 25 per cent. was a fallacy?—I should be very surprised if we found any one place where 25 per cent. was the appropriate figure.

1871. We are dealing with a notional entity called London?—Yes. We know that the figure for London, at least the Southern Region in London, of 25 per cent. is inappropriate.

1872. That does not alter the truth of my illustration about the two gentlemen in the same train; it is costing one more in the shape of track costs than the other?—No. The gentleman going to Rugby is paying more per mile for his ticket than the gentleman going to Watford only.

1873. That is a dangerous statement. It is not right, is it? The gentleman going to Rugby is only paying 14d. a mile?—Yes, but the gentleman going to Watford is not paying 14d.

1874. You cannot abandon, in relation to the London Area, a proportionate relationship between track costs and vehicle movement costs plus terminal costs without upsetting the uniformity of all passengers' contributions to track costs. It is rather a clumsy question, but do you follow what I am trying to put to you?—I start by denying that there was uniformity before.

1875. There was assumed uniformity, because we estimated the relationship of track costs to vehicle movement and terminal costs over the whole system and found it was 25 per cent.—We ascertained that as a matter of arithmetic that was a fact, and we assumed it would be reasonable to apply that proportion.

1876. And we kept that relationship in London, and what you are saying now is that outside London the relationship is 25 per cent.?—No. I am saying British Railways as a whole. If I am correct in saying that inside London it should be more; obviously outside London it should be less.

1877. I do not know whether I have understood that. Does that mean the more the London passenger pays the less the outside passenger pays?—You are dealing with the gentleman called "the outside London passenger" who is a mixture of hundreds and thousands of passenger journeys. I do not think that talking about the outside London passenger as if he were one creature is going to get us anywhere.

1878. It is a matter of argument; I will not take it further. I suppose I can take it that henceforth, for the purpose of estimating the track costs of London Lines we can forget all about the relationship between track costs and other expenses on British Railways as a whole?—Yes. I beg your pardon. We have, for the time being, for the regions other than the Southern, continued to adopt our old 25 per cent.

1879. That is not really defensible, is it, except on the basis that you have not anything better that you can do?—That is so, and we are confident that when we do get the answer it will be higher rather than lower than 25 per cent. as appropriate to these other.

1880. At any rate, the application of the 25 per cent. over this residual field is more likely to be wrong than right, on your evidence?—More likely to be underestimated than overestimated.

(President): So apart from the two gentlemen who are going to Rugby and Watford in the carriage, even in the London Area then if the enquiring passenger makes a journey from Liverpool Street to Shenfield and then goes next day from Victoria to East Croydon and begins to work out what his track cost contribution ought to be, he will be startled and amazed, will he not?

(Mr. Geoffrey Lawrence): He would, Sir; the London public might have even more grievances than they think they have now.

(The Witness): First it would be necessary to know what his contribution to movement costs was.

(President): Yes, a close study of the Reports of the last three Inquiries and your evidence today might enable him (at any rate on the longer of those two journeys!) to arrive at a conclusion on that point.

1881. (Mr. Geoffrey Lawrence): The final matter, Mr. Winchester, about which I want to ask you a few questions is this. Certain additional costs have been incurred by the British Railways as a whole as a result of the Wage Award that followed the demand that was made just before Christmas?—Yes.

(President): You mean the wage increases that followed the Wage Award.

(Mr. Geoffrey Lawrence): Yes.

(President): Because there is what is called an Award of December, or the end of November.

1882. (Mr. Geoffrey Lawrence): Perhaps I should say the concession. (To the Witness): Has any part of that extra burden, if it be an extra burden, falling upon British Railways as a whole, been allocated against the London Lines?—Yes. It is included in all the calculations we made. We have proceeded from the actual costs in 1953; increased in that particular.

1883. It may be my innocence in these matters, but I thought that concession of extra wages was not going to result in any extra cost on the Commission at all, that it was going to be met by greater efficiency and economies? Am I wrong?—That is not within my knowledge.

1884. Is it not?—No.

(Mr. Harold Willis): I think perhaps you could pursue that with Sir Reginald.

(Mr. Geoffrey Lawrence): Then if Mr. Winchester says he does not know anything about it, I will not follow it up.

(President): You see, Mr. Lawrence, the present Scheme if approved in full (after taking into account the recent freight increase and so forth) is, according to BTC 701, going to leave the Commission in deficit for "Z" year of £8m. So there is ample opportunity for making up that deficit by increased efficiency and good will, is there not?

(Mr. Geoffrey Lawrence): I was under the impression, but I may be wrong, that the specific costs of the Christmas concession was thought to be capable of recovery by the economies and so forth, not merely that the economies and so forth would make an impression upon an accumulated deficit.

(President): I do not carry the actual words of the statement in my head; but they were publicly made and can be found from the public Press.

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[Continued]

1885. (Mr. Geoffrey Lawrence): I will not carry it any further, except I want to be certain whether that Christmas concession was proportionately affected in the burden you put upon London Lines?—It is, yes.

(Mr. Geoffrey Lawrence): I do not know whether you can finally just help me about this. Do you remember I asked Mr. Valentine yesterday about the position on the London, Tilbury and Southend Lines; were the "Z" year estimates, after fare increases, budgeted for a decline of £0.512m.?

(Mr. Harold Willis): I do not think Mr. Winchester knows about it. Mr. Valentine has looked into the matter and he can deal with it, or, alternatively, Mr. Lawrence, we can give it to you in the form of a written statement.

(President): Anyhow, it is not for Mr. Winchester.

(Mr. Geoffrey Lawrence): There is an explanation, but it may not be the same as yours.

(Mr. Harold Willis): The one you have suggested is not the right one, that it is all due to increased fares; that is quite clear.

(Mr. Geoffrey Lawrence): I have some other explanation, but if Mr. Winchester does not know, I will leave it.

(President): Now Mr. Rippon, do you adopt Mr. Lawrence's cross-examination?

(Mr. Rippon): Yes.

(President): Very well; that may save you some trouble.

Cross-examined by Mr. RIPPON.

1886. With regard to BTC 701, line 6, and your figures for working expenses?—Yes.

1887. We have now your actual for 1952 at £377.7m.?—Yes.

1888. There is an estimate for "Y" year of £388m. given in BTC 401.—Yes.

1889. Can you give me the actual figure for 1953? Can you give me, Mr. Winchester, if I may put it shortly, the same information for the table in the 1952 Report relating to working expenses which is comparable to the information that Mr. James gave me this morning and which is shown on BTC 705?—I know the figure, but whether it is appropriate is not for me to argue.

(Mr. Harold Willis): Is it the total figure for 1953?

(Mr. Rippon): The total figure for 1953, broken up to exactly the same extent as shown in 704.

(President): Mr. Rippon, I have not been listening; for what are you asking?

(Mr. Rippon): I am asking for the estimated actual figures for the 1953 working expenses of British Railways as shown in Table VI-1 of the 1952 Report, Table VI-1, British Railways, and Table VI-11, collection and delivery.

(President): Have you asked for it?

(Mr. Rippon): I am not sure whether that was included in the matters we asked for in our letter to the Commission.

(President): Is this not the same point which arose this morning?

(Mr. Rippon): That is right.

(President): Then the same answer will be given. I am not going to order the witness to give them.

(Mr. Rippon): I appreciate that, Sir, but I wondered if he could give as much for British Railways as has in fact been given for the London Transport Executive and London Lines.

(President): Then we had better find out if you asked for them.

(Mr. Harold Willis): I do not know whether you have the West Ham bundle. It is a letter of 19th May, 1954.

(President): Oh, yes, the 19th May.

(Mr. Rippon): We asked, Sir, for VI-1, and a number of others. I appreciate your ruling that we cannot have anything more than the information which is given in the master tables as it were, but, of course, you have allowed information on the basis of Table VI-V, and VI-VI.

(President): What is the particular figure? If you are asking for a breakdown to the same extent to which it is broken down in London Transport, if you are asking for it for the first time today, I think it is unreasonable.

(Mr. Rippon): We have asked for it before, in our letter of 19th May.

(President): No, you did not; you asked there for a repetition of the statutory accounts and were told you could not have it. Have you put forward your more modest requests which you are now making?

(Mr. Rippon): Yes, for estimated information simply on VI-1 and VI-11, and not VI-1a, b and c, and so forth.

(President): When did you ask for a simplified version?

(Mr. Rippon): I had no opportunity to ask for it before Mr. Winchester went into the box.

(President): You could ask for it by letter.

(Mr. Rippon): You ruled this morning that I could have, in fact, what the Commission were willing to make available, which were VI-V and VI-VI, and I am asking now for the same facility in regard to the information in VI-1 and VI-11.

(President): That is not the point I am putting to you. In effect, in your original letter, your clients asked for a prior publication of the 1953 accounts, VI-1a; you were told you could not have them. You did get, in the form of an estimate of the 1953 results, some figures for London Transport; you did get that.

(Mr. Rippon): Yes.

(President): Now I gather you are asking, in the case of British Railways as a whole, for a document similar to that which you did get, the abbreviated document, in the case of London Transport.

(Mr. Rippon): Yes.

(President): What I am asking you to tell me is this: did you at any time ask for abbreviated information of British Railways as a whole?

(Mr. Rippon): We never asked for any abbreviated information. We were in fact supplied with the abbreviated information. If you remember, I represented the position this morning as far as BTC 705 is concerned. Of course I have had no opportunity to put these matters to a witness or to the Tribunal, as far as British Railways is concerned, before this moment.

(President): You had an opportunity of writing a letter, did you not?

(Mr. Rippon): What in fact happened was that we wrote a letter and they refused the whole lot except the one table they felt they could possibly give. I am of course making no complaint against the British Transport Commission. They have given all they feel they can possibly give in view of the fact that these matters, as they say, are before Parliament. That is only the view of the Commission. It need not of course in my submission be the view of the Tribunal, who have the power to call for any information they consider necessary. I hope I may be regarded as entitled at any rate to ask for the information to be supplied. If the witness says "I do not think I ought to", then I ask for the Tribunal's ruling on the matter as to how much in the Tribunal's view I may be entitled to have, because I have indicated it is my submission that in law these matters are not subject to Parliamentary privilege and the fact that these matters are before Parliament, in view of the provisions of the 1947 Act—

(President): I have told you I am against you on that. It will not serve any useful purpose to pursue that argument of law. I am concerned with the point whether you are going to be injured or whether we shall be assisted by getting this additional information. What is it going to prove?

(Mr. Rippon): The whole case is that we cannot make our representations upon the Transport Commission's case without this sort of information. It is part of my case, this time as it was last time, that the form in which the estimates are presented to us is not really adequate.

(President): That is not an answer. What do you hope to be able to prove? Never mind discussions whether the form of these accounts is good or bad. What are you after? What do you want to establish?

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[Continued]

(Mr. Rippon): We want to establish where in fact the increases in working expenses have taken place on the latest figures which are available, which are the 1953 figures, which have been calculated and which are actual. On the basis of those figures one would be in a better position, in our submission, to be—

(President): Why cannot you do that by taking the 1952 figures, the actuals, as published in full?

(Mr. Rippon): In our submission it is better to take the last actual figures available and to make one's comparison with those.

(President): If you want to build up from something which is known and ascertained, why is not 1952 quite a good foundation? You know, Mr. Rippon, you probably did not find it worth your while to glance at it, but we did publish, or rather there was published in Hansard, a Memorandum by the Tribunal as a result of an application that an increase in freight charges should be made; in which we expressed our opinions about the results of a future year in the form of figures. That was published in Hansard at the beginning of April. In that Memorandum you would find that we of course had to found ourselves on the published results of 1952. And you will find in that Memorandum the calculation showing how the future year we were talking about looked like shaping, and the reasons why in the matter of increased costs we thought it would shape in that direction. Has that Memorandum by change come your way?

(Mr. Rippon): I am afraid I have not studied it, but I certainly will.

(President): Far be it from me to say it would be useful, but it did suffer from that which you say now is a disadvantage, that it began with 1952. You see, there is a limit to the statistical material with which the Tribunal can usefully deal, and I am afraid also by necessity a limit to the utility to a particular client or Objector of a cross-examination on additional statistical material. Can you not get along with what you have for the next 5 minutes?

(Mr. Rippon): Yes. I wished to make this formal application in respect of this particular table, but if it cannot be made available or will not be made available I must let it rest there, and any comments to be made about our difficulties I must reserve to my final speech.

(President): I think, Mr. Rippon, you must be left to make your comments. I imagine they will be even more useful to your clients than a hypothetical cross-examination. Perhaps you might find it worth your while to look at the Memorandum, because it does contain some figures, rightly or wrongly, on which action was taken.

1890. (Mr. Rippon): I think the only other matter I have to put to you, Mr. Winchester, is in relation to Central Charges. Mr. James said this morning that as

far as he was aware, there is no portion of this additional capital raised, of the order of £200m., that is to be allocated to London; is that so?—I do not know whether he said that.

(Mr. Harold Willis): He did not say that, Mr. Rippon.

(The Witness): I would be a little surprised if he did. Perhaps I may explain how these things work. The Commission borrows money which is required for the purpose of all its activities, and until such time as it is required for these activities it is held centrally, and interest is earned on it. The charge for the borrowings is shown in BTC 701 at line 20, and the interest earnings on the temporary retention of the borrowings is shown at line 16. London Transport, in common with all the other activities, has required and will require additional money. And as far as we can see, it will require additional money in much the same kind of proportion as its total capital expenditure bears to the other activities. We think it reasonable, therefore, that London Transport should make its contribution to this small increase in the total of Central Charges.

1891. (President): Of course, Mr. Winchester, when you talk about "making its contribution", it makes its contribution only for the purpose of these Inquiries?—In a notional year.

1892. In treating it as a present entity?—We have to treat London Transport as such, then one has to know how much of the general overheads ought to be debited to it. That is so.

(Mr. Rippon): Thank you very much, Mr. Winchester. I can leave it there.

(President): I think the criticism of your point would be on the use of the word "allocation".

(Mr. Harold Willis): I did mention yesterday that Sir Reginald is unfortunately not able to be here on Monday as he has to be in Scotland, so my learned friend will probably have to start his case before he has had the opportunity of further cross-examining Sir Reginald, if he wishes to.

(President): Will you find that very awkward?

(Mr. Geoffrey Lawrence): I shall not find it very awkward.

(President): I think you will have to suffer it.

(Mr. Geoffrey Lawrence): Yes, I am quite prepared to do that.

(President): Mr. Hallett, I am afraid I did you the discourtesy of not asking you whether you were going to cross-examine Mr. Winchester.

(Mr. Hallett): I shall not, Sir.

(President): I beg your pardon; I failed to see you.

(The Witness withdrew.)

(Adjourned until Monday morning at 10 o'clock.)

CORRIGENDA

In Appearances for Days 1 to 4—

for "Mr. Alister Dawson" read "Mr. Alistair Dawson".

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[Continued

BTC 705

LONDON TRANSPORT SERVICES
ESTIMATED FINANCIAL RESULTS—YEAR 1953

	Road Passenger Services	Railways	Total
	£m.	£m.	£m.
Gross Receipts—			
Passengers	50.1	18.3	68.4
Miscellaneous	—	0.4	0.4
	50.1	18.7	68.8
Working Expenses—			
Vehicle operating costs ...	29.8	6.1	35.9
Maintenance and depreciation of rolling stock ...	10.1	3.2	13.3
Other traffic costs	5.9	4.0	9.9
Maintenance and renewal of way and structures ...	1.1	3.6	4.7
Vehicle licence duties ...	0.9	—	0.9
General Expenses	2.4	1.1	3.5
	50.2	18.0	68.2
Net Receipts	0.1	0.7	0.6